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ABSTRACT

This document reports the oral and written testimony of witnesses at a Congressional hearing to discuss proposed legislation that would reestablish a veterans' job training program. Witnesses included representatives of veterans' groups and officials of the Department of Veterans Affairs, the Department of Labor, and the National Association of State Approving Agencies. Witnesses said that before further legislation is passed, more efforts and resources should be made available to present programs. They also noted the difficulties in tailoring job training programs to needs, since the labor market has changed so significantly, and they suggested that on-the-job training may not be used much because most veterans want a college education after the service. Suggestions were made to modify the legislation. The document contains a summary of the provisions of the proposed legislation. (KC)

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VETERANS' JOB TRAINING

ED 360 566

HEARING

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT
OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

SECOND SESSION

MAY 14, 1992

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VETERANS' JOB TRAINING

THURSDAY, MAY 14, 1992

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:45 a.m., in room 334, Cannon House Office Building, Hon. Tim Penny (chairman of the subcommittee) presiding.

Present: Representatives Penny, Geren and Clement.

OPENING STATEMENT OF CHAIRMAN PENNY

Mr. PENNY. The committee will come to order.

This morning the subcommittee will receive testimony on legislation, which I have prepared with the help of my colleague, Mr. Smith, dealing with the reestablishment of a veterans' job training program.

I have a statement of my own that I want to submit for the record. Mr. Smith is not able to be with us at this time, but he also has a statement that we will include in the record at his request.

(See pp. 25 and 29.)

Mr. PENNY. Mr. Santorum has a death in the family and, for that reason, is not able to join us this morning, but we do expect others on the subcommittee to be here shortly.

We are all aware of the challenge we face in the next several years as we draw down on the size of our military forces. In particular, it increases our obligation as a government to help these individuals with the transition. We have focused in the past on certain programs designed to help, in part, in that regard. I think we've made great strides in improving the availability and effectiveness of the Transition Assistance Program. We have also increased the GI bill funding level for veterans over the next couple of years and we hope to extend that permanently as a way of assisting those who may need additional educational training upon discharge from the military.

But we are also looking at a weakened economy, one that cannot be expected, at least in the near term, to provide all the jobs that we may need for these discharged service people. It is for that reason that we've looked to a resurrected job training program as perhaps one component that might help fit that need.

I am aware of the testimony presented by the Departments and sense in each case there are strong reservations about revisiting this kind of job training program. Rather than take your testimony

this morning, I would ask each of you, in turn, to discuss with me the other alternatives available to us, recognizing that it will be a very challenging time and that the status quo isn't sufficient, I don't believe—and I don't think you believe—to meet the growing need for job assistance on the part of our veterans' population. So, if not this program, what is it that you feel we can more effectively do to respond to that need and to enhance the programs that are already in place.

With that, I would start with General Gray.

STATEMENT OF D'WAYNE GRAY, CHIEF BENEFITS DIRECTOR, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY GRADY HORTON, DIRECTOR, EDUCATION SERVICE, DVA; AND JAMES P. KANE, ASSISTANT GENERAL COUNSEL, DVA

Mr. GRAY. Thank you, Mr. Chairman. We do appreciate being able to be here, and we do share yours and the committee's interest in promoting and facilitating the employment of veterans.

As you pointed out, we are unable to support the legislation that has been proposed to reactivate the VJTA, for reasons that are laid out in our testimony.

Briefly, I would say—just to get us on the way to the questions—two things. One, my colleague to the left here represents the Department of Labor which knows more about the business of matching up individual talents and jobs, where the jobs are, how to get people into them, than the VA does. We first offer ourselves to work with their current and future initiatives to improve the veterans' employment service that they run.

From the Department of Veterans Affairs specifically, we believe that any additional resources that could be made available to us would do well to be applied in the educational and OJT assistance, that the Montgomery GI Bill now provides to eligible veterans, and to our Vocational Rehabilitation Service which works with service-connected disabled veterans to get them into the world of the productively employed.

Our major effort at the moment also is in being sure that those new veterans that are coming out of the service now are made aware of existing program through our Transition Assistance Program and our Disabled Transition Assistance Program, which we operate in conjunction with and under the cognizance of the Department of Labor and with the Department of Defense.

I will conclude there, if I may. I would point out I have with me Mr. Grady Horton, who is the Director of our Education Service and who supervises our educational and OJT programs now, and Mr. Jim Kane, who is the Assistant General Counsel of the Department, who has worked on legislation with these programs over many years.

Let me conclude there and respond to questions as you may have them, Mr. Chairman.

[The prepared statement of General Gray appears at p. 30.]

Mr. PENNY. Could you talk just a little more about the job training component of the GI bill and the number of participants and the success rate of that initiative?

Mr. GRAY. In the interest of saving time, let me ask Mr. Horton to respond to that. He's the supervisor of that program.

Mr. PENNY. Grady, please.

Mr. HORTON. Our OJT and apprenticeship program is a program that's been in existence since at least 1966, without any real break. The program is approved in a manner that's analogous to our other education programs. I don't have in front of me and we don't have readily available the completion rate in that program, but the participation rate in that program has gone from 15,000 in 1985 to the 3,000 range now.

That is primarily, I think, because participants in the Chapter 30 Montgomery GI Bill who go into the service don't go in with the idea that they're going to come out and enter an OJT and apprenticeship program; they primarily had their military pay reduced with the idea that they're going to go to college when they get out. So the base of people who are entering that program is rather small right now. I think it is a very successful program.

Mr. PENNY. Would you repeat for me the numbers, the enrollment numbers?

Mr. HORTON. The numbers are 15,000 in 1985, and in 1990 we had 3,000.

Mr. PENNY. 3,000?

Mr. HORTON. Yes, and that was primarily caused by the expiration of Chapter 34, which did not require contributions and the base was larger.

Mr. PENNY. For the record, can you share with us the design of the program or the arrangement that has to be made and the payment rates under the program?

Mr. HORTON. I would be happy to.

Mr. PENNY. Why don't you do that verbally.

Mr. HORTON. Okay. The record probably would be a little better, but I'll try to do it.

Basically, OJT is a 2-year program generally and fits a wide variety of crafts and skills. The apprenticeship program is a little more structured. It requires some institutional training as well as on-the-job training and follows the craft trades, the trades that have traditionally been called the skilled trades.

Mr. PENNY. Is the apprenticeship program exclusive to the union shop, or is that——

Mr. HORTON. No, it's not exclusive to a union shop, but I think the thrust of your question is it is generally that type of trade, and the OJT program can cover such things as policemen, firemen. There really is no hard distinction between the two programs.

Basically, we pay a rate that starts out at a higher rate and then, each 6 months, as the veteran reaches milestones in his training, we reduce that rate.

Mr. PENNY. And the employer picks up——

Mr. HORTON. And the employer increases his pay rate.

Mr. PENNY. How would you distinguish this from the previous job training program and how would you compare the relative value of the two programs?

Mr. HORTON. Well, I would distinguish it primarily in the way that we approve those two programs. Basically, under the old VJTA program, when the employer submitted an application to the

VA for approval, other than compliance with EEO and other legal requirements, we primarily made sure that they submitted some sort of a training package.

Under the OJT and apprenticeship programs, the State approval agencies go out, analogous to the way we do with educational institutions, and ensure that there is, in fact, a training program that's taking place. From an administration standpoint, that was the primary difference.

We, of course, have a long history with the OJT and apprenticeship program of doing compliance surveys of those programs. When we went out and did the compliance surveys in the VJTA program, we found that in many cases there was a lot of abuse going on, that there really wasn't a training program taking place in the sense that we in the Department of Veterans Affrairs considered training to be.

Mr. PENNY. Some folks have suggested that if you put someone through a vocational education program for a couple of years, that's no guarantee that there's a job in the area that they've studied. So, in a sense, we've spent some money on training and it doesn't necessarily lead to a job, and that it might be more effective to actually match the money with the job so that we know that, at the end of an on-the-job training period, there is employment. Yet the numbers you have for the job training program don't look all that encouraging. I think you indicated that 13 percent of the eligible population enrolled, that 60 some percent of those enrolled did not complete the stipulated training period, and half of those that didn't complete the training period were out of the OJT contract within 3 months.

That all sounds pretty dismal and it doesn't sound like a success story. But what do we know about those who didn't complete the program? Was there still perhaps some benefit there? Even with only 3 months of training in that particular work setting, did they move to some other employer with the benefit of that work experience? Do we know what happened to these individuals that didn't go all the way through the program as designed?

Mr. HORTON. I don't have any hard data on that. We do know the reasons that people left, and some of them did leave to go to other jobs. But I can't quantify that. Certainly holding a job for 3 months is better than not holding one for 3 months.

Mr. PENNY. But we don't have good data on the employment history of those who left the program prematurely?

Mr. HORTON. No, sir.

Mr. PENNY. I was hoping you would.

Mr. HORTON. I'm sorry, we don't. We do know why they left in general. They left because they were fired, they quit, and they left for other jobs. But I don't have that quantified.

Mr. PENNY. I want to give Mr. Ritterpusch an opportunity to answer my initial question, and that is, what else, if not this, are we prepared to do? Because none of us can deny we have a challenge facing us in the next months and years that will greatly surpass any challenge that we've experienced in the recent past. I just think we are all persuaded that, while we have some fine programs in place, it is not sufficient to do the job and we need to go further.

I know you've been working on this issue with your cohorts down at the Department and down at the White House, and I want you to share as much as you can with us as to what you would propose.

STATEMENT OF HON. DAVID S. RITTERPUSCH, ACTING ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR

Mr. RITTERPUSCH. Thank you, sir.

Let me begin, before I go into our thoughts for new initiatives in the process that we're engaged in, by saying that I don't want to forget how important TAP has been, which you recognize. I will make this brief but I think it deserves comment, that the Transition Assistance Program is one of those unique programs that is supported by so many people here today. It is one of those unique evidences that we can and will and do work together at the Federal level and at the local level. TAP, which really got off the ground in 1991, by next fiscal year will be at nearly 200 bases. The military installations will have over 3,000 workshops and will reach upwards of 200,000 servicemembers and their spouses.

As you know, Mr. Penny, we are concerned about some gaps, such as the ability to reach soldiers and sailors overseas, the ability to reach spouses, and we are making headway in those areas. There will be a videotape that will help us expand our coverage, our reach, that I think is going to be quite good. It should be out in about September for use on ships and overseas. We are also instituting a public relations program to get the word to spouses and are going to test product change, in that we're going to offer TAP at night at some locations to see if we can improve the number of spouses in the program.

I want to mention that because, even at that, we have at each place a number of individuals who will be leaving the military through 1995—we've even broken it out by State—based on the last 2 years' share and the number of spouses. So the task is enormous. I think most of us realize that between 1992 and 1995 there will be 1.3 million individuals leaving the active military—this is both the build down and normal transition—and almost 800,000 spouses. So we come up with 2.1 million people to service, of whom we estimate about 80 percent would need our services. So I want to mention that because some of the initiatives I will speak to in a moment will also involve expansion of TAP.

Sir, when we met with you previously, and with the Senate, we have committed, publicly and privately, to develop programs and present them to the Department, to OMB, and to the administration. I want to tell you where we stand on that. I think it's comforting and it's a matter of faith on our part, keeping faith.

After we first discussed with you the need to establish requirements and define them and to come up with resourcing alternatives and programs, we established a long-range plan work force headed by a very capable individual who runs our field operations. We also instituted close liaison with the Pentagon to get numbers, such as we point to here, so we have both qualitative and quantitative input from the field.

I meet with this individual every week on an IPR, an In Process Review, and we introduced this to the field 2 months ago at our annual gathering. Your great staffers couldn't be present, but we'll count on them being there the next time because they're part of the family and we need them there—we introduced this to the field and they were very receptive to the notion of having longer range planning to be involved in the process.

Where we stand right now is that in 2 weeks I present to the Department of Labor and the Deputy Secretary in our program review, which each division has in the Department of Labor now, our plan for the future. The Deputy Secretary knows that I will have initiatives in there, very specific initiatives that address the employment and training of veterans and some other programs. But the specific programs costed with prototypes that, in fact, for us would start in 1993, not 1994. We have talked to the individual States concerned and we have talked to the Employment Services there. We have been on the ground with them. We have designated the facilities we would like to use.

Beyond that, all I can say is that there is a commitment on our part. In addition to having a budget, the program review on the 26th, we will incorporate these in our budget submit internally on the 1st of June. So, in essence, although our plans will be out to 1999, we will take the first years of those and put those in the budget submit and the program review.

I can't promise how it will come out, but we are playing by the rules. The Secretary of Labor, the Department of Labor, is committed to providing Americans with optimum job security, job opportunity. We feel strongly that the American military veteran is going to be as subject to the perils of job insecurity as anyone in the next few years. So I can't promise what we'll deliver, but we are playing hard ball, and as soon as the process has gone through OMB and we have a more finished product, we will report back to you.

[The prepared statement of Mr. Ritterpusch appears at p. 35.]

Mr. PENNY. Are you able to discuss this morning the specific strategies that are going to be implemented in those regions where there's a base closing?

Mr. RITTERPUSCH. No, sir. I think I would be ill-advised to discuss any specific strategies until they've become a finished product with the administration and OMB.

Mr. PENNY. Is it safe to assume that your recommendations are going to target some resources in those areas?

Mr. RITTERPUSCH. Well, it is no secret that some of us at the Department of Labor came from the Department of Defense and we think there's a great opportunity there to take advantage of the terrific investment that the country has in defense to help the domestic scene. There's no question about that. I think most everyone in the room feels that way, and probably most everyone in the country.

Mr. PENNY. It's in the mix?

Mr. RITTERPUSCH. Yes, sir.

Mr. PENNY. I want to get into another area—and this may not be one that either of you can handle because it's probably more of a Department of Defense concern. But we have heard that there are

a lot of folks coming out of the military who have basic training in electronics or in communications or in other areas, and are capable to step right into a private sector job, but they are put through certification hoops and hurdles, and sometimes even additional training, in order to get a degree or a certificate. It really is redundant because the military has trained them as well as they would have been trained in the private sector.

How can we get around this in terms of getting at the soldier's certificate that documents their abilities so that they don't have to go through added expense and a delay in time to secure that kind of certificate for a particular trade?

Mr. RITTERPUSCH. Sir, our experience varies with the State and local practices, which vary from State to State. We have addressed this with both Employment Service people in the States and with our own veterans' representatives. I don't have a universal solution, except that we are addressing it State by State. I think your perception is accurate.

Mr. PENNY. Is this something else we could focus on to a greater degree in the TAP program, identifying the skills that someone has attained during military service and recognizing which State they intend to return to, trying to figure out if there's a way that we can help them become certified, so that when they return to that State they're not put through a 6-months training program to get certified for something they already know how to do?

I mean, I'm just trying to figure out if the Department of Defense or the Department of Labor, or what agency might be able to get the States to recognize the training that has already taken place.

Mr. RITTERPUSCH. I would be happy to pursue that. Since I have representatives in each State who work for the Department of Labor, I think it would be logical for us to pursue that and get back to you on that, sir.

Mr. PENNY. I think that would be very helpful. Again, we do a lot of excellent training in the military and I just don't think it's a good use of public funds for us to force these individuals to use the GI bill or some other financial assistance in order to get additional training when the military training in that area is sufficient to qualify them for that kind of work.

Mr. Horton.

Mr. HORTON. There is one little thing in our law that might be helpful in some of these cases; that is, we have a requirement that they give prior credit for courses that they've taken, for which they would already be qualified. So if the training requirement was there, in some of those cases the veteran might be able to get credit for what he had taken in the military and therefore shorten that period of time anyway.

Mr. PENNY. Yes. What goes on in the TAP program in a case like this? I mean, some of these TAP classes are so large, I'm afraid that we may not be walking the servicemember through the steps and helping them understand that we might be able to get them accredited or certified.

Mr. HORTON. That's pretty far down the line, I would think, in being very specific with an individual case. I doubt that our general TAP briefings would get down to that level.

Mr. GRAY. Our counselors, those who give our side of the TAP briefing, at the moment at least, certainly would not be aware of what the requirements are to be an electrician in Orange County, CA, or wherever the licensing and accrediting agency is.

There may be—you asked for thoughts, and this may or may not have any value. But the world of education has a reasonably well, or perhaps very well, organized method of granting credit for both actual formal education and training received in the military and for experience. Veterans for a long time have been able to shorten their educational requirements, as you are aware. Through some sort of organization of the accrediting and licensing agencies—unions, local or State governments—a consolidated approach perhaps could be built for the trades as well as for education, Mr. Chairman. I think that's worth us working on, don't you, David?

Mr. RITTERPUSCH. Yes, sir.

One of the problems for TAP in addressing that is, where the TAP class is given is where the individual is in the service. I don't know what the percentage is, but in all likelihood, he or she are not going to be in the State in which they will be living later, which is really the key piece of information. So we need to address whatever the situation is in his State, unless we come up with a national union or national certifying arrangements.

Certainly in the field of education, for instance, we have found the States with their controls have a varying pattern of what they actually are doing and what they say they're doing, when you actually go out there and find out.

Mr. PENNY. It may be useful for the TAP counselors to draw greater attention to the potential of either reducing the additional training that you might have to undertake in order to get a certificate for a certain trade, just to alert veterans or soon-to-be veterans of the fact that their military training, while it doesn't give them a certificate, per se, might allow them to secure one without additional training, or to mitigate some of the training that would otherwise be required, just alert them to that fact. And then, when they get out there and they're on the streets and trying to find a job, if they come to the local Employment Service office, it's the kind of thing that our LVERs should certainly be—I'm assuming they do this on a regular basis—that they should be trying to help and reach back to their military training and help those veterans to quantify that in some way, to help them secure these necessary certificates.

It just seems to me there are too many—I agree with you, that too many States have certification requirements for too many trades, and the requirements may be different from State to State. We can't solve that with one action here at the Federal level, but at least, to the degree we have TAP counselors and LVERs that are working with these veterans, I think we can place a greater emphasis on helping them to get credit for what they have already learned. Otherwise, we're really spending money twice and we shouldn't be doing that.

I don't have any further questions at this point. Mr. Clement, do you have questions of this panel?

Mr. CLEMENT. Well, I was just going to ask General Gray, as I understand it, you're opposed to this new program because you just

don't think it would help that many veterans, and with the economy improving, why should we have such a new program; is that correct?

Mr. GRAY. That is correct, and in the stock Washington phrase, "in these times of limited resources", if more money could be made available, we would like to do more with the existing programs we have.

The VA's experience—and I wasn't a part of it, but Mr. Horton was and can talk in whatever detail you want, Mr. Clement—the VA's experience was that the program that is proposed to be reactivated here was less cost-effective than we think it ought to be; that we could use the money in the ongoing programs elsewhere.

For example, in my Vocational Rehabilitation Service now, where we work with disabled veterans to try to get them on the job rolls, the caseload per counselor is so high that we're not doing the job we would like to be able to do. There's a place where we could use this $200 million that we're talking about putting into this, with the people that we know need our help. So it's a balancing thing.

The idea of matching veterans with jobs, and assisting in doing that with our friends in Labor, is not one that we oppose. It is this specific program that we had not good experience with in the past, and the fact that we can't afford to do everything we would like to do. That's what our approach is.

Mr. CLEMENT. All right. Thank you.

Mr. PENNY. Okay, thank you.

I appreciate your testimony this morning. In particular, David, I want to indicate our great interest in the outcome of your in-house deliberations on this employment assistance package. As soon as you are able to talk publicly and openly about those proposals, we will certainly have you back. We look forward to that input and look forward to working with you in that regard. I want to thank this panel.

With that, we will call forward our next witness, Mr. Donald Sweeney, Legislative Director of the National Association of State Approving Agencies. Don, since I'm the chairman, I can change the rules as I wish. For the first panel I basically went right to questions because I felt that what they had to offer in terms of suggesting other approaches was more important than what they had to say about the deficiencies of the Job Training Act approach. In your case, you have a lot of constructive advice as to how we might make a job training program work, so I'm not going to ask you to set your testimony aside. You're fully welcome to read it into the record, if you like.

STATEMENT OF C. DONALD SWEENEY, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

Mr. SWEENEY. Thank you, Mr. Chairman. What I would like to do is summarize the written testimony that will be entered into the record this morning.

The National Association of State Approving Agencies appreciates the opportunity to comment on the draft Veterans Job Training Act, and we thank you for all of the hard work that you and

members of your staff have put into this proposal. The proposal is especially important during a time of economic difficulties. We all know that jobs are scarce, good jobs are scarcer, and average wages are low.

We strongly urge the introduction of this proposal and its passage, with the following revisions:

First and foremost, we recommend that State Approving Agencies have responsibility for the approval and supervision of all programs under this bill. This concept should be reflected throughout the bill, particularly in sections 4404, 4408 and 4409.

In our review of the proposal, we also identified some other areas where we believe the language should be modified. One example is section 4411, counseling, which requires at least monthly interaction between veterans and Department of Labor officials. This level of interaction we feel may not be necessary if State Approving Agencies have responsibility for the approval and supervision of programs under this bill.

In the triad, we recommend that Department of Labor officials work with employers and veterans to plan for the prospective job training program, and with the Department of Veterans Affairs officials to counsel veterans. State Approving Agency personnel would work with employers on matters pertinent to the program beginning with the structure of it for approval purposes.

Other areas in the bill that we identified, that may need to be revised, if you buy into the concept of State Approving Agencies having approval and supervisory responsibilities, are sections 4406 and 4412. Both have to do with the submission of an application for the approval of a job training program. We feel this becomes critical—that is, the submission of the application for program approval to State Approving Agencies—particularly in small firms that are restricted in their capacity to train prospective employees because of limited equipment and/or supervisory personnel.

Secondly, we would recommend the removal of all prohibitions against a veteran collecting benefits under some other VA program while their employer is participating in this program. This would eliminate conflict and competition between job training programs under title 38 for all parties concerned—the veteran, the employer, Department of Veterans Affairs officials, Department of Labor officials, and State Approving Agency personnel.

Next we would recommend the removal of references to growth industries and occupations requiring the use of new technological skills, or the definement of this requirement to a degree that would allow for program usage in States where few to no occupations fall into either of these categories. We acknowledge that section 4403 provides some latitude; however, just how much appears to be an unknown. The whole thing may be okay if it's determined that State Approving Agencies would have responsibility for the approval of job training programs; the endorsement of the program objectives and the actual program to achieve the objective.

Fourth, we recommend the removal or sharp reduction of the requirements for unemployment status in order to be eligible for participation in the proposal Chapter 44. Many States now recognize a week or two for unemployment status.

Finally, we recommend the removal of the language that provides an opportunity for a hearing following the disapproval of further participation in the program based on the failure of that program to continue to meet all of the requirements of Chapter 44. At least within the context of program approval, this would make the administration of this program consistent with other VA programs.

Mr. Chairman, that's a quick summary of the written testimony that we have submitted. Let me again thank you for having us here to comment on the bill today, and to thank you and the committee for all of the hard work that you do on behalf of veterans and their dependents.

[The prepared statement of Mr. Sweeney appears at p. 38.]

Mr. PENNY. Thank you.

I have a markup in the Agriculture Committee now and it involves a beginning farmer loan assistance program that I have sponsored, so I have to race to another committee meeting. I appreciate Mr. Clement taking over this committee for me, and I appreciate your testimony.

Mr. SWEENEY. Thank you.

Mr. CLEMENT (presiding). Thank you, Chairman Penny.

Mr. Sweeney, you stated in your testimony that State Approving Agencies should have responsibility for all employer-related matters. Should the scope of such responsibilities extend to payment to employers?

Mr. SWEENEY. No, sir, we do not advocate that position at all. Our primary recommendation is strictly in the area of the approval and supervision of the job training programs. We would not promote nor expect to be involved in payments to employers.

Mr. CLEMENT. Please describe in specifics the extent of SAA's experience in approving on-the-job training programs.

Mr. SWEENEY. That's quite a task, Mr. Chairman. Let me see if I can summarize it quickly.

Our experience usually begins with an employer expressing an interest in having a job training program for a veteran. That action may even be initiated by a veteran who has contacted an employer and the employer has then subsequently agreed to try to structure such a program for that veteran. The employer or the veteran then contacts the State Approving Agency and expresses their interest. If it's the veteran that contacts us first, we talk about the requirements for the approval of the program for GI bill purposes and then contact their employer.

A number of the criteria that we use are statutorily based in title 38 and also, we note, in the proposed Chapter 44 as well. Everything from some type of reasonable certainty that the job will be available to the veteran upon completion of the job training program, to some wage requirements. We also have to make sure that instructional personnel are qualified and available to instruct the trainee, that appropriate equipment is available to make sure that the trainee is going to be able to achieve the objective that both the employer and trainee have established.

The contact or interaction with the employer can be a one-time activity; it also could be two or three times. Whatever it takes in order for us to make sure that the employer is going to have a sig-

nificant training program that will help the veteran achieve the established occupational objective.

The history of SAA involvement in job training programs goes back to the original GI bill, and has proceeded, as Mr. Horton said earlier, up to the point where we are now with the Montgomery GI Bill.

Mr. CLEMENT. Mr. Sweeney, considering the increasing number of servicemembers leaving the military, do SAA's have adequate staff to carry out program approval responsibilities at a rate that will not adversely affect service delivery?

Mr. SWEENEY. That's a fair question. I guess I would first reflect on General Gray's comments, made a few moments ago. As some of your staff here on the subcommittee know, we have a ceiling on State Approving Agency funds at a $12 million level. It's a cap, and caps usually don't provide an opportunity to use all that's available. We have proposed in recent months that the cap be raised. We know we're dealing in tough economic times and for this particular proposal, we think that, like everyone else around the country, we are just going to have to stretch ourselves to the limits and do what has to be done in order to be able to perform the responsibilities that we are requesting under this bill.

I did a quick calculation last night. With the $75 million that's proposed for 1993, what we're looking at for my home State of Maine is approximately 30 new job trainees. I have one other person that works with me in Maine—we would be stressed a bit, but we could do it. However, it would certainly be one heck of a lot more comfortable to be able to utilize the entire $12 million that's now in the law for use by State Approving Agencies.

Mr. CLEMENT. How much time would be required to approve a job training program?

Mr. SWEENEY. Actual time with an employer could be 2 hours to a day. Sometimes you can go out to an employer, sit right down and work out all the details in 2 hours and then you're gone. If it's a short program, like some that would qualify under this bill, there may not be the need for a revisit, depending upon how comfortable we are with the arrangements we've made with the employer. Generally speaking, though, we do monitor the places of employment at least once a year. Again if you add up all the hours and they may range from 2 hours up to a day total.

Mr. CLEMENT. Thank you, Mr. Sweeney.

I now present our colleague from the State of Texas, Mr. Geren. I always want to remind him, if it hadn't been for Tennessee, there would not have been a Texas.

(Laughter.)

You do remember Sam Houston and Davey Crockett, do you not? As a matter of fact, one of my predecessors was Sam Houston.

Mr. GEREN. We appreciate being on the receiving end of the overflow from Tennessee. We're just glad that people forced to be born and raised in Tennessee have some place to go.

(Laughter.)

I have no questions at this time, Mr. Chairman.

Mr. CLEMENT. Mr. Geren has a lot of Tennessee roots as well. Thank you, Mr. Geren.

Mr. Sweeney, thank you very much.

Mr. SWEENEY. Thank you for the opportunity, sir.

Mr. CLEMENT. Our last panel, if they would come forward at this time, includes Mr. Steve A. Robertson, Deputy Director, National Legislative Commission, The American Legion; Mr. Robert Manhan, Special Assistant, National Legislative Service, Veterans of Foreign Wars; Mr. Earnest E. Howell, National Legislative Assistant, AMVETS; and Mr. Ronald W. Drach, National Employment Director, Disabled American Veterans.

It's a please to have all of you with us this morning, and we will start with Mr. Steve A. Robertson.

STATEMENT OF STEVE A. ROBERTSON, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. ROBERTSON. Thank you, sir.

The American Legion continues to support the concept of the VJTA and we have no opposition with the draft legislation that we have reviewed.

We have always seen VJTA as a tie-breaker for a lot of employers, of special benefit to ones that have experienced long-term unemployment, such as the disabled, the homeless, those coming out of rehab. We have no objection with this bill.

I just wanted to comment on a couple of things that were said today. There was a question concerning the score-keeping, as to the completion rate and the noncompletion rate of people that had been involved in programs similar to this in the past. One of the things that I think people need to take a look at is the reason for noncompletion. I have never seen a record as to the explanation as to why people did not complete the program. It wasn't always bad. Sometimes guys would get into a company and then the company would determine that maybe there was a better place for him in the system and they would go ahead and, based upon his past employment record, move him out of the program. That's a noncompletion. And there were other opportunities, where people were accepted to trade schools that they had applied for and were denied entry into, and then an opening became available and they were allowed to go into those programs. So to say it was a noncompletion doesn't necessarily mean it was a negative. But when you figure up the statistics, it shows as a drawback.

Another issue that was talked about was the certification and licensing, et cetera, of people on Active duty. I always in the Air Force found it very surprising that air traffic controllers in the Air Force were not certified by the FAA. That kind of makes me feel a little different about flying on Government airplanes. But plumbers were not certified or licensed. The people that came in and worked on the wiring in my house or at launch facilities were not certified electricians. So I think this may be something that we really need to look at. I don't understand why we can't get a temporary certification or temporary licensing for people that have these vocational skills in Active duty.

I did have one other comment I wanted to make about VJTA. In my past experience in working with VJTA, I notice that case management is the key. This further goes along with the need for adequate funding and manning of DVOP and LVER positions in the

Department of Labor. A lot of times the noncompletions that were negative could have been resolved if the case management had been there. Due to the limited number of DVOPs and LVERs, sometimes the workload was more than the individuals could handle.

I am prepared to answer any questions you may have. Thank you.

[The prepared statement of Mr. Robertson appears at p. 40.]

Mr. CLEMENT. Thank you very much.

At this time Mr. Robert Manhan.

STATEMENT OF ROBERT MANHAN, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. MANHAN. Thank you very much, Mr. Chairman.

The VFW supports this particular veterans job training proposal. We have also supported several other concepts that propose Department of Labor (DOL) act as the lead coordinating agency. However, in addressing this concept this morning, we have several suggestions to strengthen a few sections in the proposed bill.

In section 4402, which deals exclusively with veteran eligibility, we suggest that those veterans who may have been discharged and are either underemployed or who have taken what I will call an interim, temporary type of job, something just to keep the family going, rather than applying for welfare, be also considered eligible to participate in the program you have outlined.

Another section, 4404, entitled "Approval of employer programs", we have several suggestions based on the historical Emergency Job Training Act and the Veterans Employment Act of 1988. The bill should provide for some form of up on the employers who will step forward to offer the type of veterans program we are discussing this morning. The objective is to see how stable that particular business is, how long the corporation has, in fact, been in place in that geographic area, and the financial background of the organization or the corporation. We have expanded a bit more on this rationale, Mr. Chairman, in our written statement.

Another issue, or potential problem, is to also have a more expeditious way of approving the application for a veteran who is interested in participating in an apprentice training program that will lead to a permanent job. Historically, unfortunately, it took too long so often, that by the time the veteran was approved for training, the job was no longer available. We proposed in our statement something like 3 or 4 weeks from the time a veteran submits his paperwork until the time he's given the approval to go ahead and get in this training program, as a potential solution.

The last section that we have a comment on is section 4405, entitled "Payments to employers; overpayments." We would like to have you consider the merits of an additional money supplement. The VFW believes this is a very reasonable suggestion particularly given the characteristic of today's veteran. We have a lot of people who are in the armed forces who come from inner cities. We have a lot of people who are sole parents, whether they be male or female, and we also have disabled veterans. Therefore, why not consider

additional funding of $1,000 to $1,200 per veteran who might need what I will call essential support services, money to help he or she get to the job, transportation costs, special tools, or unique clothing that might be required, depending on the job training program he or she is in. Some of this money could be used for child support services, and in the case of our disabled veterans, give a stipend to the employer to help expedite any physical modifications that might be required for the disabled veteran to move quickly in his training program.

That concludes the VFW comments regarding the technical aspects of the bill. At this time I would like to address the question you asked Mr. Sweeney—would it be a better idea to have the moneys dispersed, accounted for right down where the job training is being monitored.

From the VFW's point of view, we think this is a good idea primarily becuase it will hold the approving job training agency accountable for the firms they authorize to participate in this program. It may give the entire DOL veteran employment staff a greater sense of mission to ensure that the veteran is receiving the entitlement intended, and also this funding concept will focus or centralize the job training responsibility within DOL.

Right now, the VFW realize the funding must come from the Department of Veterans Affairs, even when we are addressing job training.

Thank you very much, Mr. Chairman. This concludes the VFW's comments.

[The prepared statement of Mr. Manhan appears at p. 42.]

Mr. CLEMENT. Thank you, Mr. Manhan.

Mr. Howell.

STATEMENT OF EARNEST E. HOWELL, AMVETS NATIONAL LEGISLATIVE ASSISTANT

Mr. HOWELL. Thank you, Mr. Chairman.

I would like to thank you, Mr. Chairman, for inviting AMVETS to testify today on pending legislation to reauthorize the Veterans Job Training Act.

AMVETS commends the distinguished members of this subcommittee for your appreciation of the valuable contributions VJTA made to the prolonged productivity of the veterans it served. We are sincerely grateful for your commitment to revitalize VJTA to encompass our latest generation of veterans.

Employment has become a scarce commodity, and in the rush to enact measures such as VJTA for all veterans, AMVETS calls upon you to gear such legislation to first and foremost resolve the extraordinary needs of special disabled veterans, other disabled veterans, and economically disadvantaged veterans.

The draft bill before us today is a substantial improvement over the previous version. AMVETS supports both the spirit and the intent of the new VJTA. We applaud the proposed enhancements that are in tune with our current economic environment.

We concur with the wisdom of including new provisions of VJTA in a separate chapter within title 38, United States Code. We also endorse the increase to $12,000 of annual payments to individual

employers. We consider it fair and reasonable to increase the maximum period of job training to incorporate advances in technology. We further agree with the built-in oversight to ensure that participating employers maintain the highest standards of quality in the training provided to the veterans they hire.

Much has transpired since the early days of VJTA to alter the veterans employment and training picture. The Veterans' Administration has grown to become the Department of Veterans Affairs, and the Court of Veterans Appeals was created to further guarantee veterans due process. The Assistant Secretary of Labor for Veterans Education has been extended to include the responsibilities for training. AMVETS considers it essential to reflect these changes in current VJTA initiatives.

The proposed legislation is a positive approach to find means through which to provide meaningful assimilation of the new wave of veterans into the job market. To best serve the present and near future employment training needs of our veteran community, we ask that the subcommittee consider the recommendations we offer today:

To maintain the operation and oversight of VJTA within the Department of Labor through the office of ASVET and to establish priority of services to special disabled veterans, other disabled veterans, and economically disadvantaged veterans;

To provide $5 million per year to cover the administrative costs of running VJTA in addition to the $75 million proposed per year for employer payments under the program;

To consider expanding the scope and function of the Court of Veterans Appeals to include Department of Labor matters, such as those involving Federal contract compliance and VJTA;

Enroll directly into VJTA, up to 180 days prior to separation, those military members who will be involuntarily separated from the armed forces, with particular attention to special disabled and disabled veterans and veterans with job specialties having little or no civilian counterpart;

To require the Department of Labor to maintain a VJTA waiting list when employer payment funds are depleted, with priority to special disabled veterans, disabled veterans, and economically disadvantaged veterans, to ensure that those waiting are referred prior to subsequent applicants;

To require the Department of Labor to maintain up-to-date statistical data on both veteran applicants and employers participating in VJTA, to enable ASVET to track the effectiveness of VJTA and to aid employment training assistance providers in the delivery of benefits and services to veterans;

To ensure that all recovered funds from employer overpayments are rolled back into the VJTA program both during and after VJTA is terminated to ensure full utilization of program funds; and

Finally, to institute a provision similar to Targeted Job Tax Credit incentives to further encourage employers to participate in VJTA.

Mr. Chairman, we welcome the revival of VJTA as a stitch in time for those veterans already caught in the middle between military and civilian employment and for those veterans about to join

them as the drawdown of our national defense unfolds. AMVETS is grateful for this opportunity to share our views on this important legislative initiative on behalf of the veterans of our country. You can count on our continued assistance and support.

Mr. Chairman, this concludes my statement.

[The prepared statement of Mr. Howell appears at p. 46.]

Mr. CLEMENT. Thank you, Mr. Howell.

Mr. Drach.

STATEMENT OF RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

Mr. DRACH. Thank you very much, Mr. Chairman. On behalf of the Disabled American Veterans, I am very pleased to be here before you today.

Before I get into some thoughts and recommendations on the draft bill, I would like to offer a couple of comments on some of the things that were said earlier this morning.

I was not surprised, but continue to be discouraged, by the administration's position that they don't support this type of legislation. I am particularly concerned about General Gray's status quo attitude that TAP/DTAP is taking care of everybody, as well as education under the Montgomery GI Bill and the OJT and apprenticeship programs. I couldn't help but wonder—and I wish Mr. Gray and his staff hadn't left, because I have a couple of questions that I would like him to hear. If this bill before us today dealt with adding $75 million to the VA OJT program, would they support it, or if it were $75 million to be added to the voc rehab program, would they support that? Because Mr. Gray said that the $200 million would be better spent in the voc rehab program to beef up the staff. I suspect that, if that were the case, the administration would find some other way to oppose even that.

I was encouraged by the comments made by Mr. Ritterpusch, that they are looking at other alternatives, even though they can't support VJTA. It is very rare that any administration since I've been in town has ever offered or supported any efforts to provide employment and training opportunities for veterans and disabled veterans.

I would like to respond to the credentialing issue that Mr. Penny brought up, if that's the correct term. He brought to the forefront something that we've said for a number of years, and that is that you can come out of the military with the best set of credentials relative to filling a particular occupation—carpenter or whatever. And yet you cannot get recognized for that training and that ability because of various factors.

I think perhaps we're overlooking one area where we can address that, and that is to bring together in some forum industry leaders, as well as union leaders, to find out why and what is the problem with the recognition of military skills. I think the general public is of the opinion that, boy, you come out of the military and there's a patriotic fervor going on, and you've learned all these skills in the military and you're not going to have any trouble getting a job. Well, that's far from the truth, because for all too many servicemembers getting out, their skills are not recognized by the private

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sector. I'm not sure how that forum would take place, but I think it's something that needs to be done.

Mr. Chairman, I would like to now turn and offer some recommendations for consideration of amendments to the draft bill.

I know there is potentially limited funds available, but we still are compelled to recommend that you consider including all disabled veterans as being eligible for any new training program, regardless of whether they are discharged recently or whether they were discharged after or during the Vietnam era. We specifically also recommend—and this is something that we've been recommending for a number of years in other areas—that the draft bill, section 4402, be amended to change the 30 percent compensably disabled veterans to any compensable disabled veterans, so again, all disabled veterans would be eligible to participate and not the emphasis on the 30 percent or more.

We also recommend section 4402 be amended to read basically that those without a permanent job be eligible. I think that ties in what what one of my colleagues said, who talked about intermittent employees and day laborers. Many of these people take these intermittent or nonpermanent jobs in order to make it, and yet they don't have careers.

We would like to have you look at section 4404, which as I recall talks about the employer being in a State—and this would basically be a technical amendment to include the District of Columbia. Although the District is primarily Federal and District employers, there are probably a lot of private employers in the District that should be eligible to participate.

Section 4404 prohibits the employer from placing someone who was already qualified by training and experience. This gets back to the credentialing issue. Even though somebody may come out of the military with that training and experience, they may not be recognized by the employer, so I think that needs to be looked at also.

We also think 4404 should be amended to include already approved programs under Chapter 31 and other VA programs, so that existing employers could already be preapproved.

We also think employer eligibility should be restricted to an employer who has been in business for 2 years, under the same name, and is currently solvent.

Section 4410 prohibits benefits being paid to a veteran under other chapters, including Chapter 31, if they're going to participate in this program. Mr. Chairman, we think that the employer and/or the veteran should be eligible for and entitled to virtually every program available to enhance his or her opportunity to become gainfully employed in a career.

There is already some precedence. Section 4213 of title 38 already prohibits denying eligibility to a veteran under the Jobs Training Partnership Act or other similar programs because he or she is in receipt of VA benefits. So I think we're saying here we have a double standard, because we're not going to allow them to have concurrent programs or be involved in concurrent programs, but yet we are saying, under JTPA, they can be. Also, I think that would enhance the employers interest and willingness perhaps to take advantage.

If we offer an employer not only some financial cash incentive to defray training costs, but also perhaps allow that employer to take Targeted Jobs Tax Credit or some other program that's available, it may double the incentive for that employer.

Mr. Chairman, there are other recommendations that we have that are outlined in our testimony, but I will conclude with that. I will be happy to answer any questions. Thank you.

[The prepared statement of Mr. Drach, with attachments, appears at p. 52.]

Mr. CLEMENT. Thank you, Mr. Drach.

The Chair has certain questions. Therefore, we will stand in recess for approximately 12 to 15 minutes and then resume.

The hearing is recessed.

[Whereupon, the subcommittee was in recess.]

Mr. CLEMENT. The hearing will come back to order.

I have several questions, and any of you on the panel may feel free to respond.

Many in the veterans service organizations are familiar with the old VJT program. The new program would serve a new group of veterans. In your view, will this new target population affect the program's outcome?

Mr. DRACH. Mr. Chairman, I think it's hard to tell at the present time. We know so little about the new population. Number one, we don't know what their unemployment rates are; we don't know what their—Well, maybe we do know what their education levels are. I haven't looked at anything from the VA. But there is a paucity of information available on who these recently separated veterans are.

I think we have learned a lot from past experience. Yesterday, at another hearing similar to this, both Mr. Ritterpusch and Mr. Gray indicated that any administrative problems that they've seen in the past they think they can work out if such a bill finally is enacted. It is also hard to tell because of the recession. There are some indications that we are slowly but surely coming out of the recession. Unemployment last month went down by one-tenth of a percentage point overall. Does that mean there's going to be more employers ready, willing and able to do this? I don't know. I think we need to look at the employer pool who is out there, who might be willing to do this.

The SBA recently came out with a report that talked about small businesses, and we suggested that SBA become part of this in an advisory capacity, to work with Labor and VA on identifying those employers and finding out who they are, what they do, are they possible participants, rather than just going out and saying here's a public information program, here's this new program, Mr. and Mrs. Employer; come in and take advantage of it. I think we need to do some real marketing and targeting in not only industries but particular employers within those industries.

One in California may not be particularly available or interested or able, but that same type of employer or industry in Pennsylvania may be. So I think it's going to take a lot of threading the needle type of thing to focus in on. But I think, overall, it's another tool in an arsenal of available benefits and programs to help veterans get employment.

Mr. CLEMENT. Mr. Robertson.

Mr. ROBERTSON. I agree with Mr. Drach on a lot of the issues he brought up.

One of the things we've got to remember is, in 1983, when this VJTA was first introduced, the veterans were running a much higher unemployment rate than nonveterans. It was also the start up of the defense build up. There was a lot of defense related industries that got a real shot in the arm and it created a lot of opportunities for veterans that had worked in the different types of occupational fields in the military that were able to transfer over into the defense industry, now that the new slots and new contracts were being let out.

We're now in the middle of a downsizing of the military, and the defense industry is going to take its fair share of the hits on this one. So to be able to compare the two, the environment is completely different, I think.

Mr. CLEMENT. What, in your view, are the critical elements that will ensure the success of the new program?

Mr. ROBERTSON. Case management has got to be it. In my view, having worked with the program first-hand, we've got to make sure of the credibility of the employers. I agree with some of the comments that were made, about making sure that these businesses are well-established and are going to be around. I think in the past there were some businesses that this was an opportunity to pick up some employees and get a little kickback on the side, and I don't think maybe the training was of the quality it needed to be.

Case management will take care of that. If an employer presents you a package and he's not producing what he says he's going to do, as far as the quality of training, then it can be corrected in the early stages.

I heard something about a once a year visit. I think that that's absurd. You have got to have up close and personal supervision to make sure that the program is being run right.

Mr. DRACH. Mr. Chairman, case management—I agree with Steve. Case management was injected into VJTA near the very end of it, and I don't think it ever really had a chance to evolve to see if it would work. I agree totally, that case management is an important part of it, and the once a year visit is incredible. It's not enough.

I think the other thing is, we have to do something that is contrary to what's been done historically—in virtually any employment and training program, not necessarily VJTA—is that we've got to start looking at substituting quality for quantity and forget about placing 500 veterans next month. If we only place ten, but we place ten in career jobs that they're going to have 15 or 20 years from now, I think that's better than placing 500 who at the end of this calendar year may be unemployed again. I think there is always such a rush as to how many jobs can we get and how many people can we get placed, and nobody ever looks at the quality of those jobs.

I think the counseling, case management idea would go a long way toward providing that.

Mr. CLEMENT. Yes, Mr. Manhan.

Mr. MANHAN. Thank you, Mr. Chairman. I realize that this is a parochial hearing and we're all interested in viewing everything from the veterans' point of view, but perhaps the real key to the whole problem lies within the private sector. How many CEO's of any blue chip corporation, or someone who bought a Pizza Hut franchise, how many jobs can an employer make available to the workforce? Then, regardless of the number of available new positions, the firm would always hire the best qualified. This personnel issue gets more complex because the Federal Government has so many hiring requirements on the private sector.

There is also the fact that the private sector really isn't interested in creating jobs; the private sector is primarily interested in creating profits. Therefore a veteran job program must have something unique to offer. We must remember the veteran is just one of many people competing for jobs under several different Federal programs.

Thank you.

Mr. CLEMENT. That leads into my next question. What is the job-related need that newly released veterans most frequently express to veterans service representatives?

Mr. MANHAN. From the VFW point of view, they find that there is quite a shock, if they go for a "decent" job, something that pays them what the recently separated veteran wants, Mr. Chairman, he's not qualified. Primarily the veteran lacks the ability to read, or write, as the civilian sector position may require. We hear this from veterans who want to go into the more technical fields where computer skills are needed, rather than work in the service sector industries.

Mr. CLEMENT. Do they understand they need that additional education or training, or do they just keep waiting for that job to be offered and they remain underemployed or not employed at all?

Mr. MANHAN. I think, like most of us, at some point in time the veteran takes a job. I don't know how many veterans are happy or satisfied with the job they have. If one can't work as a computer programmer, he or she may ultimately be very satisfied to work at Macy's with the promise that, if you're a good salesperson, ultimately you can be our buyer for men's suits or women's dresses. This is one rationale. But after a while, we don't see veteran again asking for job assistance.

Mr. DRACH. Mr. Chairman, I think we're seeing two categories of veterans, and regrettably, most of them are still Vietnam era veterans rather than recently separated. I'm not sure what that's a factor of. But we are seeing a couple of things.

One is the veteran who believes that because he or she served in the military, the country owes them a living, and forget about my qualifications or lack thereof; I deserve a job. Those are probably some of the hardest ones to deal with.

We see another group who are hung up on the premise that I've been denied this, that, or the other thing because I served in Vietnam, again without regard to anything else.

Then we see the other ones who are very frustrated because they have credentials, they are qualified. They have been employed and they have a good work history. They have college degrees, the mid-manager, so to speak, who got caught up in this current recession.

Their frustration is "I have these credentials, I have these qualifications, but when I apply, I never hear anything back from the employer. I look and I find out the employer hired 15 people last month, I wasn't one of them and I don't understand why."

Then you have the EEO problem. A lot of employers are very, very sensitive to—You know, if they have five applicants, three women, one black, one Hispanic, one of whom may be a veteran, the chances are they're going to look at their work force and say who is underrepresented in my work force and they're not going to consider the veteran status. They are going to consider the other status for fear of EEOC coming in.

Mr. CLEMENT. Should counseling be made a mandatory requirement prior to a veteran's enrollment in the program?

Mr. ROBERTSON. I'm very confident that American veterans want to go to work. I don't think there's any problem with motivating them to go out there and get into these programs. Most of them are wanting a skill that they can provide their families with a good income. I don't think the veteran employee in this case needs the motivation. I think they've got bills to pay and that's motivation enough.

I didn't get a chance to respond to your previous question. One of the things I'm seeing in The American Legion is that the veterans are feeling like they're second-class citizens as far as explaining the transferable skills, the management-leadership type skills into the private sector. It's kind of an attitude that they're feeling, that yes, you may be an officer in the U.S. Army, and you're used to giving orders; well, that's not how it works in the private sector.

I don't believe that the private sector is fully aware of the change in the military over the last few years, to where I think there are more managers now in both the NCO and the officer ranks than there were in the Fifties, Sixties and Seventies, where they were mainly authoritarian type leaders.

Mr. DRACH. Mr. Chairman, on the counseling issue, first of all, I doubt that the resources are available to mandate counseling for everybody that wants to enroll in the program. If they were available, I would say yes, absolutely, provided the counseling went beyond interest and aptitude testing. I think interest and aptitude testing is good to the extent that it's done and it goes as far as it goes. But that doesn't bring into light the realities of the job market, the person's abilities and skills and so forth.

But I think we're missing an opportunity with the TAP program. Right now it's basically mandated that TAP be started 6 months before discharge. Maybe that's when some of the counseling should start, using some of the military people to provide the counseling. That would add some added resources to provide that type of thing.

It would also perhaps address in some small degree the credentialing issue. If we find by counseling one of these people 4 to 6 months before discharge that he or she has a particular skill or a particular credential in the military that may not be recognized in the private sector, let's start working now before the person is discharged to correct whatever needs to be corrected, whatever that may be—additional training that is recognized by the private sector, I'm not sure exactly what.

We also recommend that the VJTA bill be amended to allow training to start 6 months prior to discharge. That would again help solve that problem, so that when they do get out, they will be available.

Somebody made a comment to me a couple of weeks ago that I thought was very appropriate, particularly with combat arms MOS's. Their last 4 to 6 months in the military generally involves picking up cigarette butts and painting rocks. You know, it gives food for thought. Why not take that 4 or 6 months and make it into a productive training program?

Mr. ROBERTSON. That's a suggestion The American Legion has endorsed. There are certain MOS's or military occupational skills that there is no civilian counterpart to. We have always been supportive of allowing immediate access to VJTA or some of these programs that have a waiting period, because they're going to be out there spinning their wheels trying to figure out where they can fit into the picture. If they knew when they were being discharged that immediately they could go into the program, I think that would be a tremendous help to them.

Mr. CLEMENT. Do any of you have any closing statements before we adjourn the hearing?

Mr. ROBERTSON. I have one. I think that the emphasis needs to be placed on all these programs that we're pushing right now—the DVOP fundings, the LVER fundings, the Targeted Job Tax Credit, the GI bill improvements. All of these are going to be essential and they've all got to come together and have adequate funding. I know that I'm singing to the choir when I talk to this subcommittee and to this committee, but all of you congressional representatives are on various committees across the board that we need you to carry the water for us in these other committees.

Mr. CLEMENT. It's been a pleasure having you all here today. This has been a very constructive hearing. I think we have clarified the issues to be addressed and modifications that must be made in order to improve our job training bill.

This hearing is adjourned.

[Whereupon, at 11:22 a.m., the subcommittee adjourned.]

APPENDIX

OPENING STATEMENT
HONORABLE TIMOTHY J. PENNY, CHAIRMAN
SUBCOMMITTEE ON EDUCATION, TRAINING & EMPLOYMENT
HEARING ON THE VETERANS JOB TRAINING ACT OF 1992

MAY 14, 1992

GOOD MORNING AND WELCOME. THE SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT IS MEETING TODAY TO RECEIVE TESTIMONY ON A DRAFT BILL TO PROVIDE JOB TRAINING TO CERTAIN VETERANS. THIS BILL WOULD AUTHORIZE A PROGRAM OF JOB TRAINING FOR RECENTLY SEPARATED VETERANS BY REIMBURSING EMPLOYERS 50 PERCENT OF THEIR TRAINING COSTS, UP TO A MAXIMUM OF $12 THOUSAND. PROGRAM RESPONSIBILITIES WOULD BE DIVIDED BETWEEN THE DEPARTMENT OF VETERANS AFFAIRS (VA) AND THE DEPARTMENT OF LABOR (DOL).

WE ARE ALL AWARE THAT BECAUSE OF THE DOWNSIZING OF THE ARMED FORCES HUNDREDS OF

THOUSANDS OF SERVICEMEMBERS ARE NOW, AND WILL CONTINUE TO BE, LEAVING THE MILITARY AND SEEKING CIVILIAN EMPLOYMENT. THE MEN AND WOMEN LEAVING THE SERVICES TODAY ARE OF THE HIGHEST CALIBER -- INTELLIGENT, DEDICATED AND DISCIPLINED. THEY ARE A NATIONAL RESOURCE WHOSE SKILLS AND ABILITIES MUST BE ABSORBED INTO THE CIVILIAN WORK FORCE. THESE MEN AND WOMEN WILL BE ENTERING THE JOB MARKET DURING ONE OF THE WORST ECONOMIC RECESSIONS IN OUR NATION'S HISTORY, AND FOR MANY OF THESE NEW VETERANS THIS WILL BE THEIR FIRST JOB SEARCH. WE KNOW THAT SECURING MEANINGFUL EMPLOYMENT WILL BE AN EXTREMELY DAUNTING TASK, PARTICULARLY FOR THOSE HAVING MILITARY OCCUPATIONAL SPECIALTIES IN THE COMBAT ARMS FIELDS.

THERE HAS BEEN MUCH DISCUSSION ABOUT THE CONVERSION OF A DEFENSE-RELATED ECONOMY TO ONE REFLECTIVE OF PEACE TIME OBJECTIVES SUCH AS HIGH GROWTH TECHNOLOGIES. LET US NOT FORGET OUR MILITARY PERSONNEL IN THIS DEBATE, AND OUR

RESPONSIBILITY TO ASSIST THEM AS THEY MAKE THE TRANSITION TO CIVILIAN LIFE.

THE AIM OF THIS BILL IS TO PROVIDE TRAINING TO UNEMPLOYED VETERANS IN ORDER TO HELP THEM SECURE GAINFUL EMPLOYMENT. THIS SAFETY NET OF JOB TRAINING PROGRAMS WILL HELP THESE VETERANS MAKE A SMOOTH TRANSITION INTO THE CIVILIAN WORKFORCE. IN ADDITION, THE PROGRAM WILL DEMONSTRATE OUR RECOGNITION AND APPRECIATION OF THEIR CONTRIBUTIONS TO OUR NATION'S SUCCESS IN WINNING THE COLD WAR. OUR SERVICEMEMBERS SHOULD NOT HAVE TO SUFFER BECAUSE OF THEIR SUCCESS IN SERVING OUR COUNTRY.

WE WILL BE WORKING FROM A DISCUSSION DRAFT IN ORDER TO FACILITATE DIALOGUE RELEVANT TO THE CONTENTS OF THE BILL. WE ARE NOT WEDDED TO THIS DRAFT, ALTHOUGH MANY OF ITS PROVISIONS HAVE MERIT AND IT IS A GOOD VEHICLE TO BEGIN DISCUSSION.

I PLAN TO ADJOURN THIS HEARING BY 11:15 A.M. ACCORDINGLY, I REQUEST THAT EACH WITNESS LIMIT HIS OR HER PRESENTATION TO 5

MINUTES. THE WRITTEN TESTIMONY SUBMITTED BY EACH WITNESS WILL BE INCLUDED IN ITS ENTIRETY IN THE PRINTED RECORD. ADDITIONALLY, I ASK UNANIMOUS CONSENT THAT WRITTEN QUESTIONS MAY BE SUBMITTED TO WITNESSES FOLLOWING THE HEARING. THOSE QUESTIONS AND THE RESPONSES TO THEM WILL ALSO BE INCLUDED IN THE PRINTED RECORD.

BEFORE WE HEAR FROM OUR FIRST PANEL, I WANT TO RECOGNIZE THE RANKING MINORITY MEMBER OF THE SUBCOMMITTEE, THE HONORABLE CHRIS SMITH OF NEW JERSEY, FOR ANY COMMENTS HE MAY WISH TO MAKE.

STATEMENT OF CONGRESSMAN CHRISTOPHER H. SMITH

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

May 14, 1992

Mr. Chairman, I'm glad you called this morning's hearing to address draft legislation reactivating the Veterans Job Training Act (VJTA).

The rapid drawdown of the Department of Defense will undeniably lead to significant reductions in the number of uniformed personnel. This Subcommittee, by its very name, has an employment and training responsibility to the service men and women who will leave the armed forces and enter the civilian job market. Yet, in these tough economic times, finding jobs which match the skills held by these new veterans will be challenging.

A reformed and perfected VJTA could offer the solution to the employment needs of recent veterans who are now jobless. Under the proposed VJTA, salaries of veterans will again be subsidized if proper training is provided and long-term employment secured by participating employers. These federal funds would be available for job training for existing job vacancies.

I believe the new version of the VJTA will be superior to our past experiment because adequate funds will be allocated to the proper administration of the program. Furthermore, the draft version of the new VJTA calls for appropriate job counseling and critical scrutiny of participating employers. Through the safeguards and administrative improvements included in the draft, the new VJTA could succeed where the earlier attempt stumbled.

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STATEMENT OF

D'WAYNE GRAY

CHIEF BENEFITS DIRECTOR

SUBCOMMITTEE ON EDUCATION, TRAINING

AND EMPLOYMENT

HOUSE OF REPRESENTATIVES

May 14, 1992

Mr. Chairman and members of the Subcommittee:

Thank you for this opportunity to appear before you today to review the Subcommittee's draft bill to reauthorize the Veterans' Job Training Act. Such legislation would reinstate, in somewhat modified form, a program of payments to employers as an incentive to hire and train certain veterans for stable and permanent positions with the employer.

Mr. Chairman, we appreciate and share your interest, and that of the entire Subcommittee, in promoting and facilitating the employment of our Nation's veterans. We cannot, however, support this particular proposal since we do not believe it would fulfill its objectives.

The Veterans' Job Training Act (VJTA), Public Law 98-77, as amended, expired on June 30, 1991 (15 months from the last date a participant was permitted to commence a job training program thereunder). Our evaluation of that program shows it was not particularly effective in securing long-term employment for eligible wartime veterans who had been unemployed for a substantial period, and we have no reason to believe that its reauthorization, even with the modifications contained in the subject draft bill, will produce better results.

While the VJTA formerly had existed as a statute at large, assigned as a note under 29 U.S.C. § 1721, the draft proposal would codify the reinstated program in title 38 as new chapter 44. Most of the former structure and substance would be retained. Thus, for example, the new chapter would continue the various joint, cooperative, coordinative, and separate responsibilities of VA and the Department of Labor in such matters as outreach and public information, counseling and job readiness skills development, case management, data compilation, and promotion of development of employment and job training opportunities. Further, chapter 44 would contain essentially the same provisions found in the former VJTA vis-a-vis application procedures for the veteran and employer; job training program approval criteria; limitations on approval of program entrance based on funding availability; employer certifications; procedures for payments to employers; establishing overpayments; use of educational institutions to provide training; discontinuance of approval of employer programs; inspection of records; investigations; coordination with other programs; counseling; outreach; and use of agency resources.

Nonetheless, the proposed chapter 44 VJTA program clearly would target a different group of beneficiaries for job training assistance. Eligibility, for instance, would not be limited to Korean conflict and Vietnam Era veterans, as previously was the case. Instead, the new chapter 44 would provide programs of job training expressly for veterans discharged from active duty after August 1, 1990. The veteran must have served a period of more than 90 days in the active military, naval, or air service or, if having a lesser period of such service, must either have a compensable service-connected disability rated at not less than 30 percent or have been discharged or released from active duty because of a service-connected disability.

Additional eligibility criteria would require that the veteran, at the time of applying, be unemployed and have been unemployed for at least 10 of the 15 weeks immediately preceding his or her VJTA application. Moreover, a new limitation would require that the veteran file the required VJTA application within 4 years of either the veteran's last discharge or release from active duty or the date of enactment of this measure, whichever is later.

This measure also would extend the length of VJTA training and, accordingly, enhance the maximum incentive payment to employers. Under the old program, training assistance could be provided for a maximum of 9 months or, in the case of an eligible veteran with a service-connected disability, a maximum of 15 months. By contrast, the proposed chapter 44 program would allow up to 21 months of assistance for a veteran either having a 30 percent or greater service-connected disability or having a service-connected disability rated at least 10 percent disabling if the veteran also is found to have a serious employment handicap. All other eligible veterans would be permitted a maximum of 15 months of assistance.

Moreover, the employer would be required to provide training for not less than 12 months (up from 9 months under the expired VJTA) in an occupation either in a growth industry or requiring new technological skills, except that the Secretary could approve a shorter job training program, but not less than 6 months, if the training were found to meet program purposes. The employer would continue to be subsidized for providing such job training at 50 percent of the starting wage rate for the number of hours actually worked by the veteran. However, the total amount payable to an employer on behalf of a veteran participating in the employer's job training program would be increased from $10,000 to $12,000.

With regard to program funding, the draft measure would authorize appropriations to VA of $75 million for each of Fiscal Years 1993, 1994, and 1995 for payments to employers under chapter 44, and the availability of these funds would carry over to the next 2 fiscal years following each such appropriation. Further, up to two percent of the amounts so appropriated could be used by VA for chapter 44 program administration purposes.

Like its predecessor, the proposed chapter 44 program would be time limited. That is, no payments could be made to an employer on behalf of a veteran who initially applies for a program of job training under that chapter after September 30, 1995, or for any such program that begins after March 31, 1996.

Mr. Chairman, any consideration of reauthorizing the VJTA necessarily prompts scrutiny of the program's past performance. We have an analysis of that program which is instructive and, as I previously indicated, shows that the VJTA produced less than impressive results.

Public Law 100-323 mandated that a study be undertaken evaluating the implementation of the VJTA. This study, which was completed by VA in 1989, ascertained that the average participation rate for the program was only 13.3 percent of those veterans who were certified as eligible to participate. Of those who did participate, 62 percent failed to complete their training programs. Moreover, more than 55 percent of the noncompleters dropped out prior to completing even 3 months of training. The two major reasons recorded for noncompletion were quitting and being let go by the employer.

It is particularly telling that, as of the end of Fiscal Year 1991, the Federal Government obligated a total of $205 million

for which only 5.1 percent of those individuals who applied actually completed a VJTA job training program. Clearly, our study shows that the VJTA failed to furnish meaningful, permanent jobs to substantial numbers of unemployed veterans.

Based on our Department's experience in administering the VJTA and our study findings, we cannot support reauthorization of that program, even in the slightly modified form proposed by the subject draft bill. We acknowledge the transition and unemployment difficulties faced by veterans being discharged during and after the Persian Gulf War, and I assure you that we are committed to efforts to address those difficulties. Nevertheless, reinstituting an historically ineffective program, which in large measure duplicates activities currently authorized by and required of VA and the Department of Labor under exiting law (for example, chapter 41 of title 38), is not a viable solution.

Rather, we believe that the educational and on-job training assistance provided to veterans through the Montgomery GI Bill and to eligible veterans with service-connected disabilities under our chapter 31 vocational rehabilitation program, as well as the Job Training Partnership Act and the broad range of outreach and transition assistance being provided by VA in conjunction with the Departments of Labor and Defense, are having a positive effect on helping veterans secure employment. Moreover, we are encouraged by recent signs of improvement in the Nation's economy which portend a more favorable outlook for currently unemployed veterans.

This concludes my statement, Mr. Chairman. I will be pleased to respond to any questions you or the Subcommittee members may have.

STATEMENT OF DAVID S. RITTERPUSCH
ACTING ASSISTANT SECRETARY FOR
VETERANS' EMPLOYMENT AND TRAINING
BEFORE THE
SUBCOMMITTEE FOR EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

May 14, 1992

Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity to appear at this hearing to discuss the draft bill to provide job training readjustment assistance to certain veterans, by augmenting Title 38, United States Code, with a new Chapter 44.

The Department of Labor plays a prominent role in assisting veterans who seek employment and training opportunities in this country. The package of programs we administer to assist veterans among others includes Unemployment Insurance (UI), Unemployment Compensation for Ex-servicemembers, the Employment Service, the Economic Dislocation and Worker Adjustment Assistance Act, and the Trade Adjustment Assistance Program. Department of Labor programs targeted specifically to veterans include the Disabled Veterans' Outreach Program (DVOP); the Local Veteran Employment Representative Program (LVER); Title IV, Part C of the Job Training Partnership Act; and the Transition Assistance Program (TAP).

As we have discussed several times in the last few weeks, the nation's delivery system for employment and training services is being confronted by the U.S. military build down, which could result in as many as one million positions being eliminated over four years -- this in addition to those who have already entered the civilian workforce since the beginning of the build down. And roughly half of these positions would have been held by veterans, either "instant veterans" created by accelerated military discharges, or more established veterans working for the Department of Defense or civilian contractors.

Secretary of Labor Martin is extremely concerned--as am I--about providing an effective transition of veterans from defense-related jobs to the domestic civilian workplace. As you know,

the Department of Labor's mission is to give each working man and woman a chance for real job security and job opportunity in a changing world. Well, the American military veteran will experience enormous change these next few years, and many will need our support to realize his or her "chance for real job security and job opportunity.

Accordingly, we believe the new veterans job training assistance proposal should be evaluated in the context of the overall requirements facing the veterans' employment and training community over the next several years. That is, we feel that we must first determine how to best serve the universe of veterans, especially given the dramatic growth projected in the number of veterans who will be entering the non-defense civilian workforce the next four years as the military builds down.

In this regard, we feel first priority should be given to moving as many veterans as possible into civilian jobs as smoothly and quickly as possible. On the one hand, this means making the Transition Assistance Program (TAP) as effective as possible. It also means linking the veteran in transition with new employment and, where necessary, with training to fit the veteran to the civilian job requirement.

We believe the entry into the civilian workforce of veterans in these next four years will afford the opportunity to realize two of the Department of Labor's goals in support of the mission cited earlier. First, it could raise the skill level of the American civilian workforce; and, second, it could enhance productivity in the American civilian work place. However, to accomplish these important labor goals, it will be necessary to maximize the effectiveness of the transition to the civilian work place of as many of our fine veterans as possible.

It is our conclusion that the new veterans job training proposal, while well-intended, would serve only a very small segment of the veteran population and at an unacceptably high unit cost. In fact, we believe it could divert our limited resources and energies away from our broader, more comprehensive

objectives related to effecting a transition for as many of our veterans as smoothly and quickly as possible to productive, civilian domestic jobs. Therefore, while we concur with the purpose of the bill, the Department of Labor cannot support the bill.

Mr. Chairman, thank you for the opportunity to appear before you today. This concludes my prepared statement. At this time, I would be pleased to answer any questions that you may have.

STATEMENT FOR
THE RECORD BY
C. DONALD SWEENEY
NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESETNATIVES
MAY 14, 1992

Mr. Chairman and members of the Subcommittee,

Thank you for the opportunity to comment on the draft Veterans' Job Training Act. We applaud the Chairman's efforts to help our Nation's veterans secure employment and increase their ability to contribute to the quality of their lives, their communities and that of our Country. The proposal is especially important and timely because of the economic difficulties that we are facing throughout the Nation. Unemployment is high, average wages are down and good jobs are scarce.

We are very much in favor of the proposal and strongly urge its formal introduction and passage with the following revisions.

1. First and foremost, we recommend that all program approval and supervisory responsibilities should be assigned to State Approving Agencies (SAAs). This concept should be reflected throughout the Bill, particularly in Sections 4404, 4408 and 4409 (pages 7, 17 and 18 respectively).

   In our review, we also identified some other areas where language may have to be modified in order to coincide with this concept. For example, Section 4411, Counseling, part (b)(1)(c) [page 22] calls for at least monthly contact between Department of Labor officials and veteran trainees. This level of interaction may not be necessary with the aforementioned responsibilities being assigned to SAAs.

   In the administrative triad (VA, DoL and SAAs) DoL officials could work with employers and veterans to plan for the prospective job training program and with the DVA to counsel veterans on matters of a personal, family or career nature. However, SAA officials would work with the employers on all matters pertinent to the program, beginning with the structure of the program for approval purposes.

   Another example, is Section 4412 (e) [page 26]. The language would have to be changed to reflect the fact that an application for approval of the training program would go to the appropriate SAA. In addition, the language in Section 4406 should be changed to reflect the fact that additional enrollments of veterans in already approved programs should be processed through SAAs before payments are made to employers. This procedure will provide SAAs with the opportunity to ensure the continued application of approval criteria to the enrollment of additional veterans.

   We feel strongly about SAAs having responsibility for the approval and supervision of training programs under this proposal. SAAs have a long and successful history of working with employers to establish and maintain job training programs that have integrity and quality; standards which will be crucial to the success of the Veterans Job Training Act. The Bill recognizes the value of the criteria used by SAAs to approve programs in that the approval criteria for programs under this proposal is almost identical to that currently used by SAAs for all other job training programs for veterans and by the fact that all programs currently approved under Section 3687 of Title 38 also meet the requirements of the proposal.

2. We recommend the removal of all prohibitions against a veteran collecting benefits under some other VA program while their employer is participating in the proposed Chapter 44 program. This will eliminate conflict and competition between job training programs under Title 38 for all concerned parties; the veteran, the employer, the VA, the DoL and SAAs. In addition, unlike the last Veterans Job Training Program, most of those who will qualify for the new Chapter 44 program will be eligible for GI Bill benefits based upon their monetary contributions to Chapter 30.

3. We recommend the removal of the references to growth industries and occupations requiring the use of new technological skills (Section 4403, lines 10 thru 12, page 6) or the definement of this statement to a degree that it would allow for program usage in states where few to no occupations fall into either of these categories. We acknowledge that part (a)(2) of this Section provides some latitude; however, just how much appears to be an unknown. Part (a)(1) maybe okay if decision making authority is granted to SAAs in part (a)(2).

4. We recommend the removal or sharp reduction of the requirements for unemployment status in order to be eligible for participation in the new Chapter 44 (Section 4402, p. 3). Many states recognize unemployment status after only a week or two. This seems especially important in a time of a tight economies.

5. Finally, we recommend the removal of all language that provides an opportunity for a hearing following the disapproval of further participation in a program based on the failure of the program to continue to meet all requirements of Chapter 44 [Section 4408(a), page 17]. This change would make the administration of this proposed program consistent with other VA education and training programs.

Mr. Chairman and members of the Subcommittee, we strongly believe that the effectiveness and integrity of this act will be greatly enhanced by the involvement of State Approving Agencies, working in concert with the Department of Veterans Affairs and the Department of Labor.

We would be happy to respond to any questions that you might have about our testimony or provide further information. Thank you for the opportunity to comment on the proposed Veterans Job Training Act and for your many efforts on behalf of our nation's military personnel, veterans and their dependents.

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STATEMENT OF
STEVE A. ROBERTSON, DEPUTY DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
MAY 14, 1992

Mr. Chairman, The American Legion is pleased to support the reauthorization of the Veterans' Job Training Act (VJTA) and continues to be a staunch advocate of this highly successful veterans employment program. Before expiration, VJTA was the only on-the-job training program administered by either the Department of Veterans Affairs (VA) or the Department of Labor (DOL) which specifically targeted veterans.

Thousands of Korean and Vietnam era veterans owe their current occupations to the employment training opportunity created by VJTA during the 1980's. This subcommittee saw the value of this effective job creation program and urged Congress to reauthorize the program. Unfortunately, the budget-cutters failed to provide any appropriations for the VJTA when the 101st Congress reauthorized the program for both fiscal years 1989 and 1990, despite the full support of veterans service organizations and veterans employment advocates.

When Congress first enacted this cost-effective program, the unemployment rate among conflict era veterans was abnormally high when compared to the unemployment rate of non-veterans in the same age group. The purpose of this unique program is to reward employers for putting veterans back in the labor force into selected occupations with potential for lasting employment and career opportunities.

The program insures each veteran receives proper training and timely performance evaluations throughout the training process. Although not every participant successfully completes the program, there is adequate documentation to identify the shortcomings which can be specifically addressed to improve the veteran's employability. This valuable data assists veterans employment counselors in developing timely and realistic employability plans.

The reauthorization of VJTA is a giant step in the right direction. The primary federal job training program in the DOL is the Job Training Partnership Act (JTPA). Veterans have become

a lost entity in the massive JTPA scheme. Veterans fall into the inadequately funded (less than $9 million) category of Title IV-C. There is virtually no "veterans preference" in any of the other provisions of JTPA although veterans are well represented in the homeless, displaced worker, single parent, handicapped, convicted felon, drug/alcohol rehabilitation, and economically disadvantaged categories.

VJTA is administered by VA. The only unemployment category is conflict era veterans with prolonged unemployment (a minimum of 10 out of the last 15 weeks). Veterans compete for training opportunities against other veterans on a level field. Employers are only considering veterans for new hires and training programs.

Mr. Chairman, The American Legion recommends that the eligibility for participation for VJTA be revised to address those veterans in most need and deserving of help. Currently the law addresses Korean era and Vietnam era veterans. The Legion recommends that the term "conflict era veteran" be used to include Korean era, Vietnam era and Persian Gulf era veterans. "Conflict era veteran" would be "an honorably discharged veteran that served on active duty, for a period of more than 90 days, in any era for which a campaign ribbon, liberation ribbon, or the National Defense Service medal was awarded."

The Legion would also recommend that recently separated veterans, whose primary military occupational speciality does not have a civilian counterpart, be granted immediate eligibility for VJTA upon discharge. This change would be particularly important to those veterans involuntarily separated due solely to the military downsizing planned thru 1995.

Veterans have a proven record for what they can do provided they are given quality job training and an opportunity to excel. The VJTA provides both.

The American Legion applauds this subcommittee for its continuing efforts on behalf of veterans. This concludes our statement.

STATEMENT OF

BOB MANHAN, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

VETERANS' JOB TRAINING

WASHINGTON, D. C. MAY 14, 1992

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for inviting the Veterans of Foreign Wars of the United States (VFW) to participate in this hearing. We have always realized that obtaining a decent job is the single most significant readjustment need for the average veteran. The VFW's 2.2 million members place such a high priority on this subject that at our last national convention we unanimously passed Resolution No. 652 entitled: "Support Legislation To Provide For A Permanent Veterans Job Training Act Program." A copy of the resolution is attached at the end of this statement.

The VFW believes veterans will need all the help they can receive to become wage earners and, thereby become taxpayers. The need for veteran job assistance at this point in time is very critical for several reasons. First is the ongoing efforts to dramatically reduce the size of the active military duty force starting this fiscal year. Second is the simultaneous loss of associated defense contract jobs within military hardware related corporations. Third is the problem of the generally weak, some say even recessionary, national economy. And last but certainly not least is the fact that national elections are only six months away. The point being made is that veteran employment is not a defense, political, or economic issue but, in our judgment, a national issue. Therefore, the VFW strongly believes our nation owes veterans something more than a handshake and best wishes for finding a job.

The discussion draft house bill you are proposing, Mr. Chairman, is certainly an important and positive step in the right direction. The discussion bill deals with the topic of "Veterans Job Training". It is formatted to become chapter 44 of title 38, United States Code. We understand this to mean that the responsibility for veteran job training (emphasis added) will become primarily a Veterans Administration effort.

The following is a brief outline of each of the 14 sections of this draft bill.

4401. Establishment of program. This will be a three year employment and training program designed to provide training to veterans separated from the armed services after August 2, 1990.

4402. Eligibility for program; duration of assistance. Veterans are required to have served a minimum of 90 days on active duty and be unemployed at the time they apply. In addition, the veteran must have been unemployed for 10 out of the past 15 weeks immediately preceding the date of application into this program. Veterans also have the option to apply within four years of the date of their military discharge or the date of the bill's enactment, whichever is later.

4403. Employer job training programs. Most veterans can receive a minimum of either a 6 or 12 month period of training with a maximum of 15 months. However, service-connected disabled veterans may receive a maximum of 21 months of training. Regardless of the duration of the training, all efforts must be conducted within a growth industry or in an occupation that requires the use of new technological skills.

4404. Approval of employer programs. The Department of Veterans Affairs (VA) has primary responsibility for the job training administration, to include program certification. All payments to veterans and employers would be carried out by VA. Also, VA has the responsibility to certify all training program applications that are valid for a period of 90 days. In addition, VA will have the authority to assign specific job counseling, outreach, and job development activities to Department of Labor (DOL).

4405. Payment to employers; overpayments. VA would reimburse employers 50 percent of all training costs up to a maximum of $12,000 per veteran. Payments would be done on a quarterly basis except in the case of small employers who would receive monthly payments. If an overpayment develops because an employer failed in any substantial respect to comply with a contract requirement, the overpayment would be recovered in the same manner as any other debt due the United States.

4406. Entry into program of job training. As part of VA's administrative responsibilities outlined in section 4404, above, VA may withhold or deny approval of a veteran's entry into an approved program of job training if adequate funds are not available. VA will notify the employer as well as the veteran in the case of denials.

4407. Provisions of training through educational institutions. In certain instances, an employer may enter into an agreement with a VA approved educational institution for the veteran to receive a program of job training.

4408. Discontinuance of approval of participation in certain employer programs. This authority rests with VA as part of the administrative authority to notify an employer and affected veterans whenever a program of job training fails to meet the previously approved requirements.

4409. Inspection of records; investigations. Again, this power resides primarily with VA and may be delegated or shared with DOL based on any administrative agreement both agencies entered into.

4410. Coordination with other programs. VA is responsible to ensure that neither a veteran nor an employer-trainer is receiving duplicate federal training funds for a similar effort from other ongoing government sponsored program.

4411. Counseling. This would be a joint VA and DOL effort to use existing available sources of professional personnel to provide employment counseling services and/or assistance in selecting a suitable program for job training. VA would rely primarily on their readjustment counselors and DOL on their network of disabled veteran's outreach program specialists (DVOPs).

4412. Information and outreach; use of agency resources. VA and DOL will jointly provide for an outreach and public information program to inform the veteran community, private industrial and business sectors, trade associations and labor unions about this job training program. It is interesting to note that the draft bill recognizes the existing channels of communications and in-place agencies that are already available to DOL to accomplish most of this requirement.

4413. Authorization of appropriations. A total of $75 million is to be authorized for fiscal year 1993, 1994, and 1995. A total of 3 percent each year, approximately $2.2 million, is to be used for administrative costs to VA and DOL for operating this program.

4414. Time periods for application and initiation of training. No veterans' applications will be accepted after September 30, 1995, nor will any employer be reimbursed for any training program that starts on or after 1 April 1996.

Mr. Chairman, as we said before, this draft bill is certainly an important and positive step in the right direction. The concerns and suggestions that follow are intended to help this subcommittee immediately develop the best

possible program. Therefore our specific comments regarding sections 4402, 4404, and 4405 are offered in this context.

SECTION 4402:

We believe the eligibility requirement which states that an applicant must be unemployed for 10 out of the 15 weeks immediately preceding the date of application is unrealistic. For the veteran who is married or head of household, it is conceivable that such a person would take work of a temporary nature (4 or 6 weeks perhaps) in order to meet the basic needs of his family. We think it would be counter-productive and contrary to the intent of the program to exclude such a person from consideration for participation in job training.

Many temporary jobs do not offer any kind of benefits such as health insurance, annual leave, or a real prospect for conversion to full-time permanent status. Persons who hold such positions tend to view them for what they are, temporary jobs that allow them to meet some of the economic requirements for their family until more substantive employment can be found.

Thus, we recommend that language be added to the draft that would insure that persons who are unemployed but who have held intermittent employment of a temporary nature over the preceding 15 weeks will not be penalized under the application process.

SECTION 4404:

The VFW is aware that under the previous VJTA program, many employers approved for a job training program were not financially sound and the enterprise failed after a short time. For purposes of the proposed VJTA program, we would urge that special attention be given to the length of time the company has been in operation. Also, consideration must be given to whether there are obvious signs of instability in its workforce in regard to hiring and termination practices, and above all, whether the company is financially sound or is it struggling.

No positive purposes are served when a failing company is certified for training and a veteran is subsequently sent there for training only to have the company disintegrate before his eyes.

The VFW is of the opinion that the information necessary to make a reasonable determination as to the financial soundness of a company is readily available. We suggest that it is appropriate to interview the company's suppliers, present and past employees, company records, and officials of the Small Business Administration (SBA) if the company has obtained assistance from that agency.

The VFW is aware that under the previous VJTA program effort, approval of an applicant for training sometimes took as long as several weeks. In order to eliminate this from happening, we recommend that a period of 3 weeks be used from the time the veteran's application is submitted to the time VA either approves or rejects the job training request.

SECTION 4405:

On reimbursing employees, the VFW believes that the proposed language overlooks certain essential support services that may be needed by the veteran undergoing a program of training. It is conceivable that some veteran training may have a requirement or a need for special tools, uniforms, transportation passes, or perhaps even child care services. We believe that providing for these needed services would greatly improve this program. Therefore, we suggest an amount of between $1,500 and $2,000 be made available to each veteran for these purposes.

Regarding the certifications by the employee and employer that training has taken place over a certain period (for payment purposes), we would like to see this provision strengthened. We believe it would be beneficial to the program if an on-site visit is made by the job service representative of (DOL) between 90-120 days, following approval of an employer's training program.

At the present time there are about 917,000 unemployed veterans and we can expect about another 100,000 newly minted veterans to be discharged from the Armed Forces each and every fiscal year through at least 1995. However, when we recall the fact that these one million unemployed veterans are only a part

of the 8 or 9 million Americans who are currently unemployed or underemployed it puts the problem in a different perspective, in our judgment.

Also at this time we recall that there is the unique two year old veterans Transition Assistance Program (TAP) in place that involves segments of personnel from DOD, VA, and DOL. However, DOL is the primary agency for overall coordination. In addition, DOL is the primary federal agency to implement both the Job Training 2000 Act and the National Youth Apprenticeship Act. Based on these new job training acts we believe many, if not all, of the pieces outlined in your discussion bill are presently in place to do the things your job training bill proposes. This is particularly true of the key elements needed to deal directly with the private economic sector, such as the Private Industry Councils (PICs) formed under the Job Training Partnership Act, the State Employment Security Agencies (SESAs) and the network of DVOPs and LVERs.

Based on the above considerations, the VFW would prefer not to create this effort as another program to be administered primarily by VA. The VFW believes DOL, if given the primary responsibility, could more readily meet your bill's objective to:

> " assist eligible veterans in obtaining employment through training for employment in stable and permanent positions that involve significant training."

The entire thrust of our remarks this morning is to exchange ideas and concepts to help shape the best possible veteran's training program for the mid-1990's.

Thank you, Mr. Chairman. I shall answer any questions you or the subcommittee members may have.

SERVING
WITH
PRIDE

STATEMENT OF

EARNEST E. HOWELL

AMVETS NATIONAL LEGISLATIVE ASSISTANT

Before the

SUBCOMMITTEE ON EDUCATION, TRAINING & EMPLOYMENT

of the

COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES HOUSE OF REPRESENTATIVES

On

A DRAFT BILL TO REAUTHORIZE THE
VETERANS' JOB TRAINING ACT

May 14, 1992

AMVETS

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Mr. Chairman, thank you for inviting AMVETS to testify today on pending legislation to reauthorize the Veterans' Job Training Act (VJTA).

It is distressing to note that, scarcely four years since the provisions of VJTA ran out, our nation is again faced with economic downturn, spiraling unemployment and a new generation of veterans scrambling for jobs. AMVETS commends the distinguished members of the Subcommittee on Education, Training and Employment for your appreciation of the valuable contributions VJTA made to the prolonged productivity of the veterans it served. We are sincerely grateful for your commitment to revitalize VJTA to encompass our latest generation of veterans. Employment has become a scarce commodity, and the numbers of veterans in need of employment and training assistance will continue to grow as our national defense structure is reduced. In the rush to enact measures such as VJTA for all veterans, AMVETS calls upon you to gear such legislation to first and foremost resolve the extraordinary needs of special disabled veterans, other disabled veterans and economically disadvantaged veterans.

VJTA came into being with the enactment of Public Law 98-77, the Emergency Veterans' Job Training Act of 1983, the initial purpose of which was "*...to address the problem of severe and continuing unemployment among veterans by providing, in the form of payments to defray the costs of training, incentives to employers to hire and train certain wartime veterans who have been unemployed for long periods of time for stable and permanent positions that involve significant training.*" Eligibility included veterans of the Korea war and the Vietnam era, and it was expected that veteran job training assistance demands that prompted VJTA would be met by July 31, 1988.

The problems confronting our nation, not the least of which are the national deficit, the new world order and a shrinking economy, make the drafting of legislation as much a chore as an obligation. It is indeed fortunate that the original VJTA framework provides a viable foundation on which to build anew. Much of the original design remains valid today, and AMVETS is grateful to you, Mr. Chairman, for dusting off VJTA and bringing it back at a time when it is sorely needed. AMVETS has reviewed the new VJTA proposal, compared it to its predecessor, and we wish to offer our observations and recommendations to the subcommittee for your consideration.

Much has transpired since the early days of VJTA to alter the veterans' employment and training picture. The Veterans' Administration has grown to become the Department of Veterans' Affairs (VA), and the Court of Veterans' Appeals (COVA) was created to further guarantee veterans' due process. The Assistant Secretary of Labor for Veterans' Education has been extended to include responsibilities for Training (ASVET). AMVETS considers it essential to reflect these changes in current VJTA initiatives.

The divided roles of the then Veterans' Administration and the Department of Labor (DOL) caused confusion and created bureaucratic barriers to VJTA efficiency. It is disturbing to recall that Congress had to crack the whip to get VJTA off to an albeit shaky start. The dichotomy was such that there was often doubt as to where one agency's responsibilities ended and the other's began. This uncertainty translated into delays in processing veterans' claims because of cyclic paper trails and inconsistencies in employer job training program certification because of gray areas between VA and DOL as to the delineation of responsibilities. Many of these doubts were still not ironed out by the time VJTA expired.

It is AMVETS' view, pursuant to a national resolution, that the sole administrative responsibility for VJTA programs must be carried out within the office of ASVET. When

out of work, an unemployed veteran, in most cases, will initially contact a local unemployment office for assistance. Once veteran status is determined during the initial interview, the veteran will be referred to a Disabled Veterans' Outreach Program Specialist (DVOP) if disabled, or a Local Veterans' Employment Representative (LVER). The DVOP or LVER will provide the veteran vocational and employment counseling and assistance, as well as program application, case management and follow-up. These are all well within the scope of DOL functions and capabilities.

As a practical matter, VA is neither prepared nor equipped to take on the added responsibilities of the proposed VJTA program. As we know, the Veterans Benefits Administration (VBA) has been overwhelmed with the administrative responsibilities of adjusting to the effects of the Court of Veterans Appeals (COVA).

In a recent letter AMVETS received from VBA, Director DWayne Gray explained the impact COVA is having and will continue to have on BVA resources into FY 1993. According to Mr. Gray, "*To manage the impact of decisions from [COVA], the VBA will require an estimated 154 FTE in FY 1992. That FTE estimate increases to 464 in FY 1993. The increases will help us to manage the additional time, effort and explanation required by the Court to document our decision-making process. However, as I presented in my testimony before the House Appropriations Committee on March 4, 1992, those increases will not address the basic adjudication backlog which has been plaguing VBA for the past several years. They will simply keep it from getting worse.*"

Clearly, AMVETS feels that it would not be in the best interest of either our nation's veterans or VBA to force what may be the final straw on the VA system.

Strictly speaking, with DOL at the helm of VJTA, VA should maintain little more than a casual interest in the day-to-day operation of the program. AMVETS can see but a single instance where VA resources should come into play. If a participating veteran or employer exhausts every effort through administrative appeal within DOL to resolve questions concerning benefits and services under the VJTA program, a vehicle must be available for a veteran or an employer providing a service to benefit veterans to pursue due process.

Since the proposed legislation does not address this aspect of the VJTA program, AMVETS suggests that this may be an appropriate occasion to consider expanding the scope of COVA to include veteran due process concerns such as federal contract compliance and VJTA appeals. Veterans and employers participating in the VJTA program should be entitled to their day in court. COVA could provide such a forum.

DOL statistics on veterans and employers participating in VJTA programs should be used as a tracking mechanism and as a measurement tool. ASVET should also maintain accurate records of veteran participants, including the number of veterans who apply, those who complete employer training programs, and those who voluntarily or involuntarily terminate VJTA job training. Employer lists also have a beneficial purpose. They should be used to maintain a network for matching veteran applicants with reliable employers. ASVET analysis of numerical VJTA data will assist DOL to better manage benefits and services to veterans within employment and training arena.

Originally, a veteran had to be unemployed at the time of application for a VJTA program, and also had to be unemployed for 10 of the 15 weeks prior to application. Forced to experience a substantial period of unemployment to qualify for VJTA benefits, veterans suffered not only a loss of motivation and self-esteem, but also additional

hardships in maintaining their homes and families, and at the same time increasing the drain on unemployment compensation.

The reduction in force of our armed forces will have, as a consequence of the new world order, a cumulative effect on the already alarming unemployment problem in our country. The new generation of veterans who brought victory to the Persian Gulf War deserve more in national gratitude than a place in the unemployment line. The same can be said for those dedicated military professionals since Desert Storm expecting to serve out their enlistments and complete their armed forces careers.

Every effort should be made, through coordination between the Department of Defense (DoD) and DOL, to enroll directly into VJTA those military members slated for involuntary release from active duty. These members, as well as those due to be separated because of service-connected disabilities, should be given the opportunity, up to 180 days prior to separation, to enroll. This would preclude the mandatory unemployment "waiting period," especially for those with military occupational specialties that have little or no civilian equivalent. This would have a two-fold advantage. It would substantially decrease the burden on veterans during the transition from military to civilian employment, and it would create a readily available pool from which employers participating in VJTA programs could select motivated employee training candidates.

Under the provisions of the original VJTA, funds recovered from employer overpayments were returned directly into the U.S. Treasury, if there were no funds available to make such payments; essentially a forfeiture of dedicated program funds. This obligation jeopardized the full potential of VJTA programs.

Availability of funds for employer payments is an integral part of the ability of VJTA to attract employers into the program. When overpayments occur, such monetary returns must be rolled back into the program to allow further participation of eligible veterans and employers who hire them. If funds are recovered after the VJTA term has expired, it should be possible for DOL to recover these funds and apply them to programs pending at the time VJTA operation terminated. AMVETS also believes that provisions similar to those for Targeted Job Tax Credit (TJTC) benefits are an important consideration in boosting the attractiveness of VJTA to potential employers. As a facet of VJTA, such a tax credit would further lessen the burden on employers looking for ways to expand their operations in these fiscally strained times.

Once certified under the original VJTA, if there were no funds available to make payments to employers, veterans would have to be denied referral to accredited job training programs even though they were awarded a certificate of acceptance. For veterans this "good news, bad news" fiscal reality was a major psychological setback.

Mr. Chairman, AMVETS understands that times are hard all over. Budgets are tight in the Federal government just as they are in private businesses and communities. But knowing the facts brings little comfort to veterans who want to work and need assistance in finding meaningful jobs.

When projections fail to reasonably predict the numbers of veterans to be served and VJTA funds are in danger of running out, DOL should not cease accepting veteran applications. As the applications are approved, DOL should maintain a waiting list of veterans awaiting referral, prioritized according to status of special disabled veterans, disabled veterans, disadvantaged veterans and all other veterans. As funds are returned into the program or new fiscal year funds become available, DOL should resume veteran

referrals according to the prioritized list. Such a system would help to keep hope alive and motivation strong for those veterans awaiting referral.

The draft bill before us today is a testament to the commitment of this subcommittee to the employment needs of today's veterans. This revised legislation is a substantial improvement over the previous version. AMVETS supports the intent of the new VJTA. We note a number of enhancements that are in tune with our current fiscal environment.

Probably the most significant aspect of the draft bill is the incorporation of the new VJTA provisions in a separate chapter within Title 38, United States Code (USC). Not only will the information on VJTA be easy to find, but benefits counselors and veterans alike will appreciate the convenience of having a wide range of benefits information in one concise publication.

The increase in employer payments from $10,000 to $12,000 per year acknowledges both the strain on the American dollar here at home and also the rising cost of employment training in light of rapid technological advances. While the cost of living and the cost of training have increased dramatically in the past five years, average annual salaries have risen at a slower pace, making the proposed increase in employer annual payments realistic. Limiting annual payments to individual employers will allow maximum employer participation and at the same time broaden the spectrum of job opportunities for eligible veterans.

Annual funding of $75 million for FY 1993 through 1995 is proposed for VJTA employer payments. Unfortunately, this does not take into account the increased administrative personnel resources that will be necessary to carry out VJTA objectives. AMVETS is concerned that funds designed to make employer payments may be drawn upon to accommodate these basic VJTA needs. We urge the subcommittee to secure $5 million per year in addition to $75 million already proposed to defray the administrative costs of running VJTA.

In summary, Mr. Chairman, AMVETS welcomes the revival of VJTA as a stitch in time for those veterans already caught in the middle between military and civilian employment and for those veterans about to join them as the drawdown in our national defense unfolds.

To best serve the present and near future employment training needs of our veteran community, we ask that the subcommittee consider the points we have raised here today:

- Maintain the operation and oversight of VJTA within DOL through the office of ASVET and to establish priority of services to special disabled veterans, other disabled veterans and economically disadvantaged veterans;
- Consider expanding the scope of the COVA to include DOL matters such as those involving federal contract compliance and VJTA;
- Provide $5 million per year to cover the administrative costs of running VJTA in addition to the $75 million proposed for annual employer payments under the program;
- Enroll directly into VJTA, up to 180 days prior to separation, those military members who will be involuntarily separated from the armed forces, with particular attention to special disabled and disabled veterans, and veterans with job specialties having little or no civilian counterpart;
- Require DOL to maintain a VJTA waiting list when employer payment funds are depleted, with priority to special disabled veterans, disabled veterans and

economically disadvantaged veterans, to ensure that those waiting are referred prior to subsequent applicants

- Require DOL to maintain up-to-date statistical data on both veteran applicants and employers participating in VJTA, to enable ASVET to track the effectiveness of VJTA and to aid employment training assistance providers in the delivery of benefits and services to veterans;
- Ensure that all recovered funds from employer overpayments are rolled back into the VJTA program both during or after VJTA is terminated to ensure full utilization of program funds; and
- Institute a provision similar to TJTC incentives to further encourage employers to participate in VJTA.

Mr. Chairman, AMVETS is grateful for this opportunity to share our views on this important legislative initiative on behalf of the veterans of our country. You can count on our continued assistance and support. This concludes my statement.

STATEMENT OF
RONALD W. DRACH
NATIONAL EMPLOYMENT DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON EDUCATION, TRAINING & EMPLOYMENT
OF THE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
MAY 14, 1992

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the over 1.4 million members of the Disabled American Veterans and its Ladies' Auxiliary, I wish to express our gratitude for this most timely draft bill reauthorizing the Veterans' Job Training Act.

It is a simple thing to provide rhetoric discussing veterans' employment needs, however, we believe this is a substantial and tested initiative with proven positive results. We believe this draft bill, in its current form, is a valuable product. Where our comments recommend changes, we believe those changes simply enhance an already desirable piece of legislation.

The military is proposing a 25 percent reduction in active duty military forces by 1995. At the same time there will be reductions in the Department of Defense civilian work force and reserve forces for a total reduction of one million men and women. Reduced federal expenditures for military equipment and supplies will force many federal contractors to reduce their labor force until they have retooled or developed other markets. These measures compound the problems of an already reduced economy. What does this mean for transitioning military personnel?

- o According to the Department of Defense, the 500,000 reduction in military strength will be reached, not by increasing approximately 330,000 annual separations, but by reducing accessions. This will increase competition for entry level jobs in the civilian labor market. The young men and women who cannot now enter the military will be competing for many of the same entry level jobs that the recently discharged service person is seeking.

- o The 221,000 reductions in Department of Defense civilian personnel and the unknown number of reductions by federal contractors will create more unemployed workers who, because of the current economy and shift in occupations to service industries, will be competing for entry level employment along with recently separated veterans. Many of these workers will be veterans.

Unfortunately, many of the better paying jobs lost to this reduced economy are not simply going unfilled until better economic times, but are expected to disappear.

PROBLEM STATEMENT

Our testimony before this Committee on March 19, 1992, set out in detail the difficulty of transitioning from the military to a civilian occupation. That information is summarized here.

- o Veterans' unemployment rates will exceed their nonveteran counterparts for up to ten years following discharge.

- Military training has limited transferability to civilian occupations.
- Transitioning military personnel will suffer a significant drop in earnings below their civilian counterparts.
- Disabled, younger, combat and minority veterans' unemployment rates will exceed the already disproportionately high unemployment rates of recently discharged veterans.
- Veterans do not statistically reach occupational parity with their nonveteran counterparts until about age 45 (on the average, over 20 years after their discharge from the military) and will trail them in lifetime earnings the rest of their lives.
- Historically, veterans have disproportionately entered blue collar or skilled labor jobs which required little prior education or training and provided a transferable job skill at middle income rates of pay. Through the end of the twentieth century such jobs are expected to diminish in number while lower paying service industry jobs are expected to grow rapidly. There will also be a growth in higher paying service industry jobs but it is projected that post-secondary education or extensive training for those occupations will probably be necessary.

While we know these transition problems are typical, exacerbating this picture is a reduced economy that has coincided with every major reduction in military strength in this century.

This grim picture is painted blacker by Department of Labor (DOL) policies over the past 20 years which have resulted in the following:

- Veterans are not targeted for services in the Job Training Partnership Act (JTPA)(except Title IVC).
- The state employment service system, which has been one of the mainstays in veterans' employment programs, has seen a reduction in staff of approximately 50 percent over the past 11 years.
- Since 1980, counseling has declined by 50 percent. The number of counselors has declined by 34 percent. Many states have severely reduced the qualifications necessary to provide counseling.
- Vocational testing has suffered a severe drop and has disappeared from many offices.
- Group intake, unheard of in 1980, was used by 27 percent of the offices reviewed in a GAO study conducted in 1989 (Employment Service Variations and Local Office Performance).
- DOL budget requests in 1992 would have decimated the Disabled Veterans' Outreach Program (DVOP), reduced Local Veterans' Employment Representative (LVER) staff and wiped out the National Veterans' Training Institute (NVTI). DOL's 1993 budget request would result in a loss of 52 LVER positions and 244 fewer DVOP staff than authorized by law, and no funds for NVTI.

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These service delivery problems are not new. In fact, an October 1972 DOL-funded study entitled, National Evaluation of Manpower Sources for Veterans, found "It is evident that we do not have a comprehensive policy or set of policies designed to deal with the employment problems of returning veterans." Additionally, the study indicated that the federal state employment service system could not solve the major problems identified and cited administrative and fiscal practices which led to those problems.

The problems identified 20 years ago still prevail today. Attached is a letter to former Secretary of Labor Elizabeth Dole outlining our concerns in more detail.

An example of the tentative attachment to the labor market of the more recently discharged Vietnam era veterans, even after their unemployment rates had leveled off in prior stable economies, is the disproportionate jump in younger veterans' unemployment when compared to nonveterans of the same age group during this recession.

Attachment #2 is a graph comparing the unemployment rates of male Vietnam era veterans to nonveterans of the same age group for the period June 1990 through March 1992. The most striking comparison is for the age group 35-39 years, the youngest Vietnam era veterans. Their unemployment rate exceeded their nonveteran peers 20 months out of the 22 months studied and exceeded the national unemployment rate 16 months out of the 22 months studied.

While Vietnam era veteran unemployment rates were less than the national unemployment rates in June 1990, just before the economic conditions started pushing the unemployment rates upward, by September, 1990, their unemployment rates were nearly 3 percentage points higher than their nonveteran peers and were well over the national average. Only twice during the 17-month period beginning September 1990 through February 1992 did the Vietnam era veteran unemployment rate equal or drop below the national rate. In comparison, nonveterans' unemployment for the age group 35-39 years did not exceed the national unemployment rate over the same 17 months.

The Vietnam war has been over for nearly 18 years. Thus, veterans in this age group have been out of the service for 21 years or less, depending on their enlistment period. (Veterans who entered the service in 1975 at age 17 would be 35 by 1993. Those who entered in 1972 at age 17 would be 39 by 1993. While some may be discharged in their year of enlistment, most would complete their first term of two to six years. Many would reenlist for additional four or six year terms.) Unfortunately, just as they were obtaining their foothold in the civilian labor market, these younger veterans will be starting their job search over in competition with nonveteran peers who have more time in the civilian labor market.

By age 49 the graph shows their unemployment rates will reach parity with their nonveteran peers. For age group 35-49, Vietnam era veteran unemployment was better than or equal to their nonveteran peers only 12 out of 22 months.

For disabled Vietnam era veterans, the work force data paints a bleak and stifling picture. The Bureau of Labor Statistics (BLS) and VA sponsored Current Population Survey (CPS), veterans' supplement, required by 38 USC 4110A conducted April, 1985, indicated that nearly two-thirds of the veterans rated 60 percent or greater by the VA were not in the labor force but, statistically, not considered unemployed.

(4)

For Vietnam era veterans rated at 30 to 50 percent, 21 percent were not in the labor force and not counted among the unemployed. Their official unemployment rate was 11.9 percent. Those who served in Vietnam had an unemployment rate of 16 percent. Comparatively, 6 percent of all Vietnam era veterans were unemployed.

Vietnam theater veterans also had greater unemployment problems. Their labor force participation rate was 92 percent compared to 95 percent for all veterans and were unemployed at a 6.7 percent rate compared to 5.4 percent for all Vietnam era veterans.

The November 1987 survey found that 67 percent of all Vietnam era veterans with disability ratings of 60 percent or greater had dropped out of the labor force, an increase of nearly 2 percentage points from the April 1985 study findings.

For Vietnam era veterans rated at 30 to 50 percent, 29 percent were no longer in the labor force, an increase of about 8 percentage points. Their unemployment rate was 6.7 percent.

Vietnam theater veterans' unemployment rate was 5.2 percent compared to 4.8 percent for all Vietnam era veterans.

The September 1989 survey found 75 percent of disabled veterans rated 60 percent or greater had dropped out of the work force -- 8 percentage points above the 1987 survey. The Vietnam era veterans rated at 30 to 50 percent had now dropped out of the labor force at a 33 percent rate -- an increase of 4 percentage points.

The previous information is cited as representative of continuing veterans' unemployment problems and is useful because of the dearth of labor force data on recently discharged veterans.

Some data, which focuses more directly on recently discharged veterans, indicates that for the four-year period ending September, 1989, there were 929,000 military personnel separated of whom 12 percent were not in the labor force and were unemployed at a 4.4 percent rate (September 1989 Current Population Survey, Veterans' Supplement).

The New York State Department of Labor shared unemployment insurance data for calendar years (CY) 1990 and 1991. While it is not national data, it may be indicative of the larger national picture if such data were available. This information revealed that veterans' claims jumped, during this recessionary period, by 64.7 percent, over twice the rate of the increase for all claimants (29.5 percent). Recently separated veterans (released from military service within the last four years) showed an increase of 78.7 percent. (Attachment #3)

Interestingly, for CY 1991, "Over half of veterans claimants are 45 years of age and older as compared to about one-quarter of all claimants." (Attachment #4) However, Attachment #5 may help to explain this problem when it noted for CY 1991 first time payments that "veteran(s) [claimants] have a 20 percent higher concentration among blue-collar occupations." Because many of the veterans in blue-collar jobs may be older, the disproportionate increase in older veteran claimants would be the natural result when, as shown by Attachment #5, blue-collar jobs are hardest hit by the recession and veterans are disproportionately concentrated in blue-collar jobs.

(5)

PREVIOUS VETERANS' JOB TRAINING ACT EXPERIENCE

The Veterans' Job Training Act was viewed as successful because it was seen as a simple process that resulted in a job. The veteran's period of unemployment (establishing eligibility) was certified and job interest determined. The employer's program was approved based on the job being "high tech" in a growth industry, or in occupations where demand exceeded supply with a three to six month corporate training program. The employer received reimbursement for one-half the veteran's starting pay up to $10,000.

The program was administered through both the U.S. Department of Labor and Department of Veterans Affairs. Most of the Department of Labor functions were carried out through the state employment service.

The reports of hearings held on April 5, 1984 (Serial No. 98-47) and May 17, 1985 (Serial No. 99-18) before the Subcommittee on Education, Training and Employment, House Committee on Veterans Affairs, raised the following issues:

- The VA indicated in 1984 that the veteran's claim was to be processed in seven days and the employer's application in ten days (Serial No. 98-47, Page 4). In fact, by 1985, veterans' applications in some locations were taking four to five months to process (Serial No. 99-18, Page 9). Notification of veterans' certification to state employment service agencies from VA was lagging by up to four months (Serial No. 99-18, Page 39). A factor in the veteran's certification was the VA requirement that the unemployed veteran produce an original or certified DD-214. At that time, testimony indicates that the Military Personnel Records Center took 90 to 180 days to respond to a request for a DD-214. It is unclear why a phone call or telecopy message to the Military Personnel Records Center would not have provided sufficient interim verification.

- Matching the veterans to the approved job was a problem. The long-term unemployed veteran (unemployed 15 out of 20 weeks) was viewed as "really having some problems;" some structural and others situational and the focus on high tech jobs was too narrow (Serial No. 99-18, Page 27). The DAV experience was that by the fifteenth week, the veteran was desperate and, especially when a family was involved, would accept any job, whether consistent with their aptitude and interests or not. Senator Daschle had introduced legislation to change eligibility to 5 weeks unemployment out of 20 to address part of this problem (Serial No. 99-18, Page 60).

- The on-again, off-again legislative authorizations and appropriations for this program kept it in a gearing up or winding down mode. Employers did not know what to expect, especially when VA letters indicated that the approval of the program or the hiring of veterans did not ensure payment.

- Cyclical remedies have not been a solution to certain ongoing veteran unemployment problems as evidenced by the data cited in the problem statement. These problems, which deserve more long-term and better supported initiatives, will not be resolved by remedies designed to treat symptoms rather than the disease. These structural unemployment problems are exacerbated by and become more visible during serious economic downturns.

The report accompanying H.R. 1504 (House Report 100-192, June 25, 1987) indicated:

- One-third to one-half of the homeless were veterans (page 5).
- June 15, 1987 hearings, which included employers, pointed out that employers could not and would not wait months to fill their jobs (Page 7).
- Estimates of program noncompletions were at an unacceptably high 60 percent rate. A Department of Labor funded study by Centaur, reported that 25 percent of the veterans dropped out to accept other jobs, 25 percent dropped out due to dissatisfaction with training and between 30 to 40 percent of the terminations were involuntary.
- At least, in part, a lack of counseling or training which addressed job readiness and skill matching for long-term unemployed veterans was cited as contributing to the high dropout rate (Page 8).

COMMENTS ON DISCUSSION DRAFT

The draft legislation establishes a new Chapter 44 in Title 38, USC. Section 4402(b) limits eligibility to veterans who apply within four years of their discharge. We believe this limitation is too restrictive. The data suggests that veterans' unemployment extends beyond the recently discharged (discharged within four years) especially disabled and combat theater veterans of the Vietnam era. We urge the eligibility criteria be modified to include them. At the least, severely disabled veterans receiving hospitalization and therapy following discharge from active duty should have treatment time added to their period of eligibility.

Section 4403(a)(1) should focus on transferable skills. Growth industries change and not everyone has the requisite aptitude, interest or entry level capacity to be placed in areas involving "new technology." Many jobs still exist in old technologies that are not projected to decline in the near future. If the veteran has a transferable skill with on-the-job experience, he or she can take this with them to new employment, if necessary.

The employer approval process outlined in Section 4404 appears simple and prudent. However, we are concerned that Section 4404(d)(4) not be narrowly interpreted. This section denies job training to veterans already qualified by training and experience for the job in question. Our concern is that an electronic technician trained on equipment manufactured by one company will most likely need training to work on equipment manufactured by a different company. This type of retraining, although in the same occupational area, should not result in a disapproval. Also, many employers do not recognize certain skills learned in the military.

We believe Section 4404(d)(7) should be amended to include an additional assurance that the veteran remains a full-time employee for at least one year following training except in the case the veteran's removal is for cause, reductions-in-force or due to company reorganization. As a federal contractor, the company should have to show how the removal actions were consistent with their obligations under 38 USC 4212. If the employer cannot establish that the employee was removed for legitimate (for cause) reasons, he should have to repay the federal government for the funds received and provide severance

pay to the veteran to support him or her during their job hunting efforts.

Training programs approved under Chapter 31 for vocational rehabilitation of disabled veterans should be included in Section 4404(h) as an approved training program.

We are concerned that in some cases, Section 4405(c)(2) may obligate the veteran to repay money not received because an employer decided not to hire the veteran. Thus, the government, in collecting the debt from the veteran, must be able to come to an independent determination that the employer's decision to remove or not appoint the veteran was appropriate to avoid the veteran being charged for an overpayment created by the employer's actions. Thus, the government may be placed in the unenviable position of determining the "true" motives which prompted the employer's actions. This may be nearly impossible because the government may be dependent on the employer's perception that the veteran acted "willfully or negligently" to falsify an employment application in a "material" way.

We believe it is incumbent upon the employer to verify the application information to the extent possible prior to the hire. Thus, if additional information is obtained which causes the employer to remove the employee, but the employer benefited from the labor and the federal payments, it would be an error to collect the overpayment from the veteran. We do not believe overpayments created under these circumstances should be collected from the employer either. However, we would support collections from the veteran where the veteran willfully or negligently provided information that materially affected his eligibility determination.

We believe the numbers of legitimate removals from employment due to falsification of an application are negligible and their cost can be justifiably written off in these cases. The alternative is for the government to try to second-guess employer's personnel actions and policies in a very narrow and technical area of law in which the VA hearings process has no history and then to place the burden on the veteran. The penalty for the veteran should be loss of his or her job and denial of future participation in the program, if appropriate.

Given the history of the previous VJTA initiative, we believe Section 4406 should be amended striking the two-week waiting period for the veteran to start work following the employer's notice to the Secretary of the intent to hire the veteran. If the veteran and employer have received prior certification and program approval, we assume the only reason for the waiting period is to reduce the possibility of an overcommitment of federal funds. Why couldn't a determination of available funds and commitment to that employer be established by a phone call?

This program effectively takes a job available in the labor market, covers part of the training cost and links a veteran with the job. Prior testimony has already established that the employer cannot allow a position to go unfilled for a long period of time. History suggests that the program approval process and veterans' program certification may take weeks or months. This additional two-week waiting period will be counterproductive for employers who will fill their jobs in other ways and, subsequently, many veterans will not receive otherwise available jobs.

In the case a certified veteran is hired by an approved employer, provided the employer gave proper notice by phone, any subsequent denial due to fiscal reasons should be by letter to the employer setting out an ending date beyond which no funds

will be provided. If the employer does not provide proper notice regarding the hiring of the veteran, the government has no obligation.

Section 4407 should be amended to recognize programs approved for training by (1) the state approving agency, (2) VA acting as a state approving agency and (3) VA vocational rehabilitation.

Section 4410 prohibits the payment of funds to employers or veterans at the same time VA educational benefits are being paid. Where disabled veterans are concerned, the greatest disincentive to hiring is the employer's presumption of the additional cost of providing accommodations for disabilities which may include such things as:

- Removing physical barriers.
- Purchasing specialized equipment.
- Restructuring the job.
- Hiring additional personnel such as readers, signers, etc.
- Extending probationary periods out of recognition of the disabled employee's need for an increased time to reach productive levels.
- Need for support services such as rehabilitation counselors to recommend accommodations, special training and equipment and provide support for the disabled employee.

While in almost all cases these costs are minimal, the greater the disability, the greater the employer's concern, justified or not. We recommend removing Chapter 31 services from the exclusions in this chapter. We are less concerned about the direct payments, but want to see VA vocational rehabilitation services made available to veterans eligible for Chapter 31 and their employers. We believe this might be an additional tool to place disabled veterans who are in or completing Chapter 31 programs, especially those with severe disabilities.

We would like to see Section 4411(a)(2) allow vocational counseling under authority of 38 USC 3697A. Accordingly, we also recommend amending Section 4410(b)(3) to include counseling under 38 USC 3697A to assist in resolving veterans' problems in employment.

Because much of the outreach and public information will target employers and because small employers hire a large portion of the labor force, we recommend amending Section 4412(a)(1) to include the Small Business Administration.

We are pleased to see the authorizing legislation provide for funding through 1995 with authority to carry funds into the following years. This should assist in reducing the start up/wind down program cycle.

Mr. Chairman, this completes my statement. I do thank you for inviting the DAV to participate in today's proceedings. I would be pleased to respond to any questions.

ATTACHMENT #1

Motto: "If I cannot speak good of my comrade, I will not speak ill of him."

DISABLED AMERICAN VETERANS

NATIONAL SERVICE and LEGISLATIVE HEADQUARTERS
807 MAINE AVENUE, S.W.
WASHINGTON, D.C. 20024
(202) 554-3501

COPY

November 6, 1990

Honorable Elizabeth Dole
Secretary of Labor
Department of Labor
200 Constitution Avenue, NW
Room S2018
Washington, DC 20210

Dear Secretary Dole:

On behalf of the more than 1.3 million members of the Disabled American Veterans and its Ladies' Auxiliary, I want to take this opportunity to thank you for including us in your review of the nation's public employment service (ES).

Virtually since its inception, the Department of Labor (DOL) has been an intrinsic part of this nation's war mobilization and demobilization efforts. In fact, within three years of the creation of the Department of Labor, the Secretary of Labor headed the War Labor Administration, established during World War I. The Secretary was responsible for the coordination of all labor functions distributed among the various agencies of government.

During war mobilization, the ES has been a prime force mobilizing the civilian work force for war industries and in assisting in the transition of military personnel into the civilian work force during demobilization. In fact, the legislation (Wagner-Peyser Act of 1933) establishing the ES as we know it today, cited veterans as a group to be provided special priorities and preferential treatment in recognition of their service to the country.

In keeping with this historical mission, the Disabled American Veterans believes first and foremost that any labor exchange system, either as presently constituted or as may be restructured, must include veterans' preference requirements as well as priority of services as currently mandated by Title 38 U.S. Code, Chapter 41. With that in mind, we are particularly pleased with the comment contained in your letter which states in part, "What I propose will in no way alter present veterans' preference requirements, nor reduce services available to veterans." We very much appreciate your recognition and support of the need to provide priority services to our nation's veterans.

Because of the changing political climate between the United States and Soviet bloc countries, certain things are happening: a) reducing contracting for military equipment and supplies; b) decreasing the number of our military personnel; and, c) reducing the Department of Defense civilian work force.

These changes are creating higher numbers of unemployed veterans during a period of economic downturn. This is made abundantly clear from the September 1990 Bureau of Labor Statistics (BLS) data which shows that Vietnam era veterans unemployed (age 35 and over) increased by .5% from September 1989. This represents 42,000 veterans.

Even more striking is a comparison of Vietnam veterans to nonveterans in the same age categories as follows:

AGE	VIETNAM-ERA VETERANS		NONVETERANS	
	Sept. 89	Sept. 90	Sept. 89	Sept. 90
35 to 49	3.2	4.0 (+.8)	3.3	3.3
35 to 39	4.8	6.1 (+1.3)	3.6	3.3 (-.3)
40 to 44	2.8	3.9 (+1.1)	3.2	3.5 (+.3)
45 to 49	2.5	2.8 (+.3)	2.8	3.2 (+.4)

The vast number of Vietnam era veterans are age 35 to 49. Their unemployment increased almost a percentage point in one year. This represents 51,000 more unemployed veterans.

Approximately 46% of Vietnam era veterans in the labor force are age 40 to 44. This compares to only 29% for nonveterans. Unemployment for these veterans increased 1.1% in the 12 month period September 1989 to September 1990, nonveterans .3%. The percentage of unemployment for Vietnam veterans 40 to 44 years old is now 6.1% compared to only 3.5% for nonveterans.

Also, we cannot ignore the movement of a great number of troops to Saudi Arabia to stop the aggression of Iraq. These events cry for a well funded and properly directed labor exchange system that ensures priority services to veterans.

We agree with your statement that "...constantly changing Federal directions and priorities have left states and the public confused about..." the ES mission. The ES role has been obfuscated by funding levels that have declined significantly from the early 1970's and the Department of Labor retreating from its oversight role by reducing reporting requirements and failing to provide direction to state agencies. This has created an environment in which the employer, applicant and ES expectations could not possibly be met.

During the Vietnam conflict, a study was conducted to determine how well the ES and DOL were meeting veterans' employment and training needs. Kirschner and Associates prepared a report for DOL entitled, "National Evaluation of Manpower Sources for Veterans," dated October 1972. The conclusion and policy implication section of the report (page 17, volume 1) indicated:

> It is evident that we do not have a comprehensive policy or a set of policies designed to deal with the employment problems of returning veterans, particularly during periods when those problems are the most pressing--near the end of major military actions. Great effort is expended by the military services to assure the transition of recruits from civilian to military life. Relatively little effort is expended, however, to assure the transition in the reverse direction, since, of course, military missions and goals necessarily are the first concern of the military establishment.
>
> There has been insufficient effort following all recent wars to attend these major problem areas:
>
> -- the decline in aggregate demand that tends to accompany the winding down or demobilization period;
>
> -- the conversion of military skills to related civilian skills;
>
> -- the removal of institutional and personal barriers that confront many returning veterans seeking employment, and;
>
> -- the lack of significant incentives for employers to hire veterans over nonveterans.
>
> Although improvements can be made, it is unreasonable to expect that the Federal-State Employment Service System can solve these problems; in large part, it cannot even address them. (Emphasis added.)

The study cited a number of administrative and fiscal problems that precluded the DOL and ES from providing the legally mandated veterans' services. Many of the problems cited in this 1972 study are repeated in more curremt GAO citations and studies referred to later in this letter.

Since that study, employment services to veterans have continued to deteriorate. For example, federally authorized positions in the ES peaked at about 49,000 in 1978. The agency is currently operating at about one-half that staff level today (Malcolm S. Cohen, David W. Stevens, "The Role of the Employment Service"). The ES has never recovered from the budget cuts suffered in the early 1980's.

As the ES budget declined, it became dependent on other employment and training dollars which also declined from $10.8 billion to approximately $6.9 billion in 1988 -- a reduction of nearly 40%. As these other funds declined, so did the supplement to the ES.

The administration's requested funding cuts occurred in spite of statutory mandates such as those contained in Title 38, U.S.C., Sections 2006 and 2007. These sections require the Secretary of Labor to request adequate funding for each eligible veteran applicant to be provided a service and to establish administrative controls to ensure such services are provided.

Your statement "...the percent of job seekers using the ES to find work has dropped from 30 percent in 1970 to 21 percent in 1988. .." implies that fewer people use the ES. In fact, the DOL has relaxed reporting requirements and states now commonly underreport the number of people seeking help because they may not be registered until after they receive a service. For example, some states take partial applications during group intake. These applicants may not be reported. Following the group intake, if it appears the person can be referred to a job, they may be called in to complete the application for reporting purposes. This scheme reduces the number of applicant files that are inactivated without a reportable service. It appears this process is a violation of Title 38, U.S.C., Section 2007. We believe the data understates the number of people requesting services.

The failure of the Department of Labor to hold the state agencies to higher reporting standards appears to be a political convenience. It is easier to disclaim what you do not know.

The notion of reviewing and restructuring the ES is not new. As recent as 1986, I was asked to serve on a DOL committee to review the ES to determine how it should be structured for the future. Regrettably, that committee never met. The DOL instead held "field hearings" soliciting the views of interested parties. That series of hearings resulted in a June 1987 final report entitled, A Reexamination of the Employment Service: Analysis of Public Comments in Response to the Federal Register Notice.

We believe any review of the existing system cannot take place without incorporating the views and comments obtained during those field hearings. Between personal appearances and written responses, a total of 700 people or organizations offered views on the ES. That large number cannot be ignored in developing plans and strategies for the future. The questions you raise in your recent letter are similar to the ones posed in 1986.

We also recommend that you incorporate into your deliberations, the August 1989 General Accounting Office (GAO) report, submitted to the Chairman of the Subcommittee on Employment Opportunities, Committee on Education and Labor, U. S. House of Representatives, entitled Employment Service Variations and Local Office Performance.

The following are some highlights:

- The ES provides job service assistance to over 18 million applicants a year (NOTE: although not in the report, data from July 1, 1988 through June 30, 1989 reveals a total of 2.3 million veterans registered for those services. This is approximately 13% of all applicants).
- Funding for the ES has not kept pace with inflation, although its workload has remained roughly constant. From 1982 through 1987, funding levels increased by 19%. However, when adjusted for inflation, there was an actual real dollar decline of almost seven percent from 1984 to 1987.
- Local and state offices varied in the ability to place applicants in jobs.
- Stronger performers tended to be concentrated in certain states.
- The ES is providing less individualized assistance and less guidance to applicants in identifying career choices than in the past.
- Percentage of placements in permanent jobs ranged from 80% or more to less than 40%.
- Local offices with above average performance tended to be concentrated in certain states. Florida, Georgia, Massachusetts, New Hampshire, North Carolina and South Carolina had twice the rate of local offices having above average performances.
- Michigan, New Jersey, Rhode Island and West Virginia had more than double the national percentage of less, offices with below average performances.
- Above average states had lower costs per placement than those below average.
- Although the ES workload stayed about the same from 1980 to 1987, the number of local offices providing one-on-one assistance and counseling or testing services declined. State officials attributed these declines to budget cutbacks.

- Since 1980, the number of applicants receiving counseling has declined by 50%. This is in spite of conclusions by researchers that counseling can play an important role in assisting ES staff members with obtaining additional information that can lead to better job matches (in program year 1989, less than 190,000 veterans were counseled). State officials attribute this to budget cutbacks.

- From 1981 to 1987, the number of counselors declined by 34%.

- Testing has been shown to improve assessments of applicants' skills and abilities which leads to increased placements. Of 14 offices visited by GAO, four had eliminated all testing services, eight had reduced the proportion of applicants tested.

- Twenty-seven percent of offices used group intake which was virtually unheard of before 1980.

When reviewing cost-effectiveness of the ES, it is interesting that those states who are above average, actually have a lower cost per placement rate for all placements. This is also true for permanent job placements. For example, cost per placement for above average states is $308 compared to $400 for below average states. In looking at permanent jobs, above average states' placement costs are $337 compared to $370 for below average states.

It is obvious from this data that it is cost-effective to be an above average state and also points out that the system with better funding and management directives can be an effective system.

The GAO has continued its review of the ES. On October 16, 1990, Franklin Frazier, Director, Education and Employment Issues, Human Resources Division of GAO, appeared before the Subcommittee on Employment Opportunities of the Committee on Education and Labor, U. S. House of Representatives. The title of the testimony provided by Mr. Frazier is "Employment Service: Leadership Needed to Improve Performance."

Again, any undertaking to review or restructure the ES cannot be undertaken without considering very seriously Mr. Frazier's comments. Some of the highlights of his testimony follow:

- As GAO previously reported, ES placement perfomance varies dramatically across states and local offices. For example, some local offices placed over a third of their job seekers, while other offices found jobs for less than 10% of the job seekers using their services. The variance in ES performance was not random, but was related, at least in part, to state and local practices within the control of ES managers.

- State management practices associated with better performance included setting measurable performance goals and providing incentives to recognize local office achievements; and conducting frequent on-site monitoring of local offices. GAO also found certain aspects of local office operations improved performance including, attentiveness to employer and applicant needs, extensive interaction with the JTPA program, and separation of ES and local Unemployment Insurance (U.I.) office functions. However, many state and local ES programs have not adopted these or similar practices.

- The DOL has found it difficult to balance its oversight needs against its concern to limit federal intrusion into state affairs. DOL's oversight activities provide little substantive information about how states manage their ES programs and how local offices operate.

- Some states may need DOL's help to improve the effectiveness of their programs.

- DOL needs to increase its leadership role to encourage poor performing states to adopt practices such as those identified in GAO's analysis.

- The state officials told GAO that on-site monitoring visits are critical to achieving high performances GAO's analysis showed that local office performance was about 38% higher in states that visited most local offices each year. While no similar data are available for the veterans' employment program, we believe that the same or similar conclusions would be reached.

- The GAO also found that increased attentiveness to employer and applicants needs; more extensive interaction with the JTPA program; and greater ES autonomy from the local U.I. office increased placement performance.

- During periods of rising unemployment, when ES offices are collocated with the U.I. Office, ES staff may be reassigned to process benefit claims rather than help people find jobs. GAO found that ES offices separated from the U.I. office had better local ES office placement performance.

A third document that needs to be incorporated into your review is a paper authored by Malcolm S. Cohen and David W. Stevens from the University of Michigan and University of Missouri at Columbia, respectively. This paper is identified as a project funded by DOL's Commission on Work Force Quality and Labor Market Efficiency, entitled "The Role of the Employment Service." I will not at this time highlight the findings and recommendations, but urge that this too be included in your review.

I would like to respond to your questions in the sequential manner in which you pose them.

1. If the ES is expected to increase its penetration into the labor market, it must have a pool of qualified applicants to meet employer needs at all levels. At the same time, the applicant pool will not grow if jobs are not available. Currently, employers tend to view the applicant pool as poor in quality -- this has been documented. Better qualified applicants tend not to use the ES because they view the job listings as poor. The ES of the future must be a comprehensive labor market exchange system if it is to increase its effectiveness. Also, enforcement and oversight of the federal contractor job listing provisions of Title 38, U.S.C., Section 2012, is crucial.

2. If, in the name of efficiency, the ES focuses its services on U.I. claimants, it may so limit the applicant pool that it cannot offer employers good referrals. For example, when the economy turns down in an area (due to local or national economic impact), the pool of applicants unable to find other employment will become, at least for a time, extremely difficult to place. Often these trends do not affect employers across-the-board. One industry may be more negatively impacted than another. If the agency then focuses on these employees, as opposed to the employer's needs, the ES will expend more resources servicing fewer applicants and subsequently fewer employers. A more balanced approach should ensure a greater mix of jobs and applicants.

   Also, the stigma associated with U.I. claimants will taint the agency if a balanced approach is not used.

It should be pointed out that many U.I. claimants are "job attached" and seasonally laid off. They plan to go back to their job and are only U.I. recipients for a short period of time. They neither want nor need the services provided to job seekers.

3. Because the ES is a public agency, it has a greater opportunity and obligation to serve the disadvantaged. However, these services must be balanced against employer needs. The employer perception that the ES applicant pool predominately is made up of marginal employees will drive the employer away.

Private employment agencies have developed a reputation for "creaming" or only serving the most placeable because or their profit motive. Unfortunately, factors affecting placements are not restricted to job qualifications or employee potential. Many people are disadvantaged because of the stereotypical misperception held by the public and reflected in employer hiring practices. The ES can improve these perceptions if the agency is respected because of its overall quality work.

4. The ES should not drop its placement activity to provide diagnostic services to other service providers. If it is to simply become the extension of another federally funded program, why fund it separately?

At this time, ES funding has dropped so low that it provides fewer and lower quality diagnostic services to anyone.

5. If the ES makes development and dissemination of labor market information its primary role and opens up its files directly to employers and applicants, a number of problems will result.

First, the agency will have serious difficulty in reporting this type of service. This lack of reporting will continue the underreporting of activities. The agency will still be expected to provide services but without data to support adequate funding.

Second, to ensure that the application accurately reflects the applicant's characteristics, someone will have to assist in taking the application. Employers are unlikely to come to the agency to review applications to select potential employees. Most employers have a large number of applicants already. The ES service most enjoyed by employers is the prescreening of applicants and immediate referral of qualified applicants from the ES office. In this scenario, these services will most likely be lost and they are currently a fundamental part of the ES.

Third, for the disadvantaged applicant, the support services and diagnostic support which might convince the employer to consider them will be lost. The already diminishing support services appear to be lost in this scenario.

Fourth, much of the labor market data listed by the DOL results from the taking of applications, job orders and unemployment insurance reports. If these services are discontinued, this data source will be lost.

6. Employers are already being charged for ES services through the Federal Unemployment Tax Act. Why should they be charged an additional fee for special screening services? There is a $3.06 billion surplus projected in the Employment Security Administration account fund by 1992.

I suggest that aptitude and interest testing such as the General Aptitude Test Battery (GATB) not be used as a screening device for employer referral. Testing devices designed to provide such information are efforts to reduce a very complex world to a comparatively simple testing environment. Almost all of these test instruments were originally designed for use by trained counselors to be used with <u>other</u> information to predict the possible success of a person obtaining suitable employment. They were <u>never</u> meant to be the exclusive instrument in the hands of untrained ES personnel or employers to determine the acceptability of a particular referral. These instruments are somewhat predictive but <u>severely</u> limited in determining real world success

These tools are designed to help individuals, with counseling guidance, limit the scope of their efforts to areas they are more likely to succeed in. <u>They do not predict the failure or success of an individual</u>

> The reality is that good prospective employees may not score high in important areas. This should not eliminate them from consideration. The disadvantaged are most likely to feel the negative effects of such tests when they are used as screening devices.
>
> While we do not oppose "testing" as a counseling/evaluation process, we cannot condone its use as a referral tool. These tests cannot accurately reflect the real world.

We believe a properly funded and staffed ES agency providing labor exchange services has a legitimate function in the 1990's. A Department of Labor funded study entitled, "Workforce 2000: Work and Workers for the 21st Century" published by the Hudson Institute predicts:

* a decline in the growth of available labor force,
* a change in work force demographics,
  - o an older work force,
  - o increased female participation as a percentage of the work force,
  - o increased minority participation as a percentage of the work force,
* increased educational and skill requirements for available jobs, and
* more growth in service industries.

The ES of the past functioned in a labor market with a surplus of workers. If the Hudson study predictions prove true the ES will be seeking out applicants for employers instead of seeking out employers for applicants. Also, Hudson predicts that as workers become scarce in a growing economy, employers will turn more and more to the less educated and less skilled. Employers will be in the unenviable position, of not choosing the best qualified, but choosing the applicant who appears to be most trainable and dependable.

The ES role may shift emphasis, but should continue in the same vein as it always has -- a network between applicant, employer and community resources such as training and applicant support services.

While the educated and skilled labor force participant will need the ES less than now, the employer will need the ES to assist in locating suitable employees for entry level positions and to match them with training and community resources.

The shift in employer service from applicant service may see a drop in placements but a higher quality of placements should result and an increase in linkage with training services will be needed.

Even so, the ES must strive to increase its job-ready applicant pool if it is to shake its image of serving only the disadvantaged. Such an image ensures a continued low level of penetration by employers which will ensure a more disadvantaged applicant pool.

We wish to stress that we support the concept of high quality service to all applicants and employers in a labor exchange system in which veterans receive priority services. There is little value to veterans in receiving priority services in a system which is dysfunctional. We also believe that the current ES framework, if properly funded, staffed and directed can be the labor exchange system for the 90's and beyond. No new inadequately funded, poorly staffed and improperly directed labor exchange system can provide any better services than currently exist.

Sincerely,

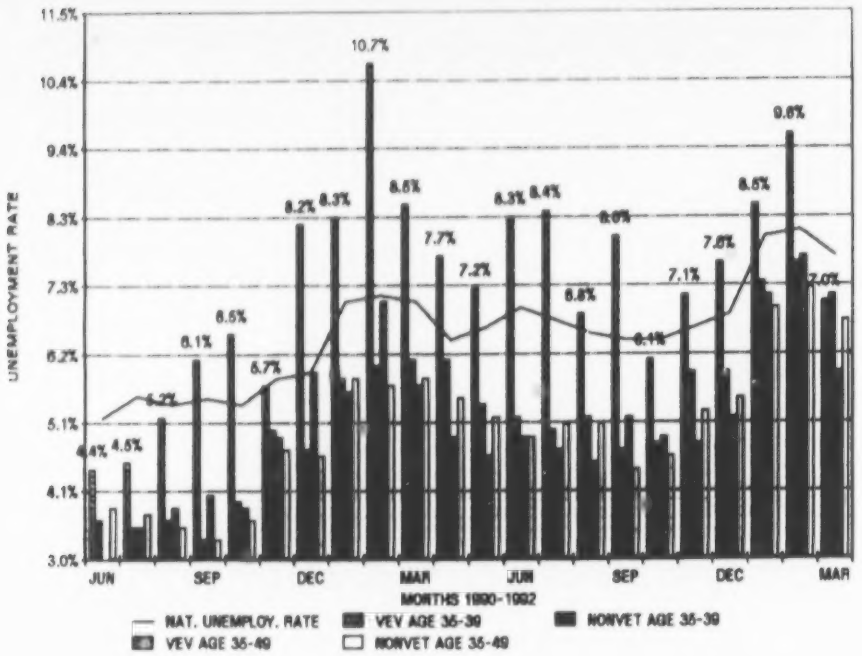
Ronald W. Drach

RONALD W. DRACH
National Employment Director

RWD:lrd

VEV UNEMPLOYMENT

NOT SEASON. ADJUSTED



ATTACHMENT #3

NEW YORK STATE DEPARTMENT OF LABOR
UNEMPLOYMENT INSURANCE PROGRAM

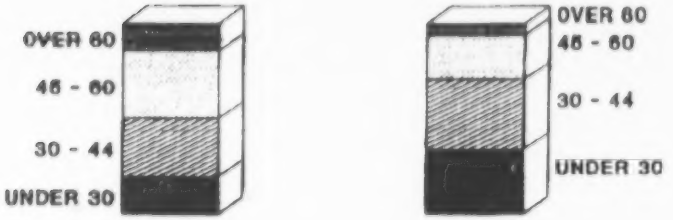
FILINGS FROM VETERANS HAVE INCREASED AT TWICE THE RATE OF ALL CLAIMANTS FILING FOR BENEFITS

FIRST PAYMENTS FOR UNEMPLOYMENT INSURANCE

GROUP	CY 1989	CY 1990	CY 1991	1989-1991
CLAIMANTS	581,278	656,197	752,898	+ 29.5 %
VETERANS	46,104	67,428	75,954	+ 64.7
VIETNAM ERA	10,245	14,304	15,792	+ 54.1
VIET. THEATRE	5,351	8,122	9,002	+ 40.6
DISABLED VET.	3,964	5,064	5,186	+ 23.6
RECENT SEPS.	4,284	6,460	7,654	+ 78.7

PREPARED BY DIVISION OF R&S-CSC SUPPORT UNIT

NEW YORK STATE DEPARTMENT OF LABOR
UNEMPLOYMENT INSURANCE PROGRAM
AGE DISTRIBUTION CY 1991 FIRST PAYMENTS



VETERANS CLAIMANTS

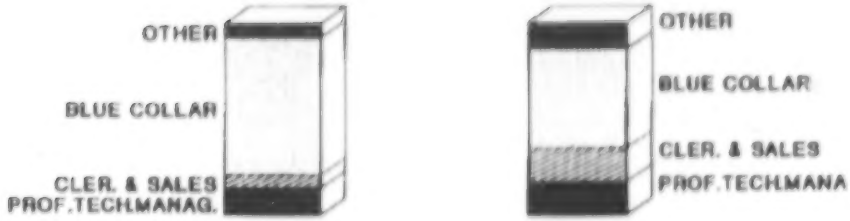
OVER HALF OF VETERAN CLAIMANTS ARE 45 YEARS OF AGE AND OLDER

AS COMPARED TO ABOUT ONE QUARTER OF ALL CLAIMANTS

PREPARED BY DIVISION OF R&S CSC SUPPORT

ATTACHMENT #4

NEW YORK STATE DEPARTMENT OF LABOR
UNEMPLOYMENT INSURANCE PROGRAM
OCCUPATION OF CY 1991 FIRST PAYMENTS



VETERANS **CLAIMANTS**

VETERANS HAVE A TWENTY PERCENT HIGHER CONCENTRATION AMONG BLUE COLLAR OCCUPATIONS

PREPARED BY DIVISION OF R&S C&C SUPPORT

ATTACHMENT #5

75

STATEMENT

BY

CMSGT. ROBERT G. MILLER, USAF
RETIRED

LEGISLATIVE ASSISTANT, MILITARY AND
GOVERNMENT RELATIONS

AIR FORCE SERGEANTS ASSOCIATION

BEFORE THE

HOUSE VETERANS AFFAIRS

SUBCOMMITTEE ON EDUCATION, TRAINING
AND EMPLOYMENT

ON

VETERANS JOB TRAINING

MAY 14, 1992

Air Force Sergeants Association

INTERNATIONAL HEADQUARTERS POST OFFICE BOX 50, TEMPLE HILLS, MD 20748

60-785 52

Mister Chairman and distinguished members of this committee. The Air Force Sergeants Association (AFSA) truly appreciates having this opportunity to present its views on behalf of our 168,000 members and all active duty and retired enlisted personnel of the Air Force, Air National Guard and Air Force Reserve. We are very much aware of your continuing efforts on behalf of our country's veterans; and we sincerely thank you. In our testimony March 19, 1992, to this committee on the Transition Assistance Program, AFSA recommended rejuvenation of the Veterans Job Training Act.

We are very pleased to see proposed legislation that would reauthorize this highly successful veterans employment program that provided invaluable assistance to thousands of Korean and Vietnam era veterans. We are deeply concerned about the hundreds of thousands of military personnel currently being forced from their chosen military careers into a weak civilian economy with widespread unemployment. Additionally, veterans of past eras also continue to need employment assistance because of many lingering service-related problems.

Therefore, AFSA recommends that the eligibility criteria contained in the draft bill be revised to include veterans of all eras, past and present, so they may all receive the on-going employment training and job placement services they have earned. Additionally, we recommend elimination of the requirement for the veteran to have experienced unemployment. The objective must be to prevent our veterans from being unemployed.

Veterans should become eligible for participation in the program immediately upon becoming unemployed or, when known in advance, up to six months prior to projected separation date. Why must they suffer through several months of unemployment before we begin addressing their needs? Providing job training and placing veterans in productive employment is necessary, not only for the benefit of our victorious veterans and their families, but also to assist our sluggish economy. AFSA strongly urges each committee member to actively support the quick passage of veterans job training legislation with our recommended improvements. Thank you. This concludes our statement.

STATEMENT OF WILLIAM C. PLOWDEN, JR.
DIRECTOR, VETERANS EMPLOYMENT AND TRAINING SERVICE
SOUTH CAROLINA
BEFORE THE
SUBCOMMITTEE FOR EDUCATION, TRAINING AND EMPLOYMENT
U. S. HOUSE OF REPRESENTATIVES

MAY 14, 1992

Mr. Chairman and Members of the Subcommittee:

My name is William C. Plowden, Jr. and I am the State Director of Veterans Employment and Training in South Carolina. In 1981 I was appointed by President Reagan to become the First Assistant Secretary for Veterans Employment and Training, USDOL. I am a veteran myself and I applaud Congressman Penny and his colleagues for introducing this very important legislation to provide critically needed employment assistance to the hundreds of thousands of unemployed veterans and for over 1/2 million soon to be separated military personnel. As you know many are in transition now.

The proposed Veterans Job Training Program will be an incentive to employers to hire and train veterans and will help recently separated veterans. This program will be an extremely effective employment program and will fill the needs for long-term unemployed veterans. It will take advantage of the highly disciplined and educated military personnel who can provide a positive impact on American Businesses' productivity, once they are trained in skills that industry needs.

This multi-year training program is exactly what I think America needs to prove to its veterans that we are proud of their contributions to peace, recognize the sacrifices they have made and that we care about their future.

Mr. Chairman, while I fully support this Bill and recognize that it is a good program which, when implemented, will have a significant, positive impact on participating veterans: there are some key points that I feel need to be made:

(1) Fiscal policy between the Congress and the Administration must be clearly established. We should remember the lessons learned from the 1983 Emergency Veterans Job Training Act. This Program once started, should be allowed to run its course and will need multi-year funding to achieve the Program objectives.

(2) Coordination between intra agencies is essential to the Program's success. A Partnership between DOL, DOD, DVA, the States and the Private Sector must be established.

Lessons that we have already learned from the Transition Assistance Program should serve as a model. The Department of Labor should have the lead responsibility with others supporting and assisting to the fullest. This includes funding to support and for disbursing payments to veterans and/or employers.

(3) The intent of the proposed legislation is to provide training to veterans who are in need of occupational or vocational training in order to obtain suitable employment; therefore the following changes in the proposed draft, I think, should be made. In Section __ 4402-ELIGIBILITY FOR PROGRAM:

--4402(a)(1)(B) - Change the phrase "10 of the last 12" to "5 of the last 10".
--4402(a)(1)(C) - Delete the words "the date of last discharge or" and the phrase "whichever is later".
--4402(a)(2) - Change the phrase "after August 2, 1990" to "after August 5, 1964".

The change in Section 4402(a)(1)(B) is based on our experience that if a person is unemployed for as many as five (5) weeks, the period of unemployment is likely to be extended unduly.

The change recommended in Section 4402(a)(1)(C) would make training available to Veterans whose unemployment is caused by technological changes and industrial plant or retail business closures caused by foreign competition. If a vocational change is necessary and training is required during life of the statute, the length of time since discharge should not be a factor.

The change in Section 4402(a)(2) provides for the training needs of thousands of Vietnam Era Veterans whose basic occupations, or occupational skills, are obsolete, due to technological changes or long periods of unemployment. It is unfair and discriminatory to eliminate the Vietnam Veteran, now in his late 30's or early 40's, who were discharged in the 1970's or 1980's. The legislation should provide for the training needs of all Veterans in the labor force, not just those who participated in Desert Shield/Desert Storm or recent separatees.

Need for the training -- There should be no question as to the need for the proposed training legislation. Consider the following circumstances"

(1) The unemployment rate in our Nation remains high.

(2) High tech industry has moved much of its operation off-shore or to other countries, due to the damaging effect of our international trade policies.

(3) The educational system fails to provide manpower with the basic skills for entry level jobs in our industrial and manufacturing industries or our service industry occupations.

(4) Many able-bodied Vietnam Vets were trained prior to P.L. 98-77, and worked in their profession or skill for many years, but now, due to health or other changes, they can no longer pursue their original profession unless viable training is made available, these VETS will become homeless or a ward of the state.

(5) The United States is in the first phase of a profound socio-economic transition. After a half-century of cold war, after substantial defense investments of the past decade, and after a clear demonstration of the success of these investments in Desert Storm, the United States is dramatically reducing its military forces and curtailing much of the investment previously associated with these forces.

(6) The training provided by JTPA (P.L. 97-300, as amended) as now administered, is not adequate for the training needs of veterans because of its multiple target groups that limit aggressive training service and plans for Veterans.

Because of these factors and the large number of unemployed and unskilled workers, Veterans need their own special training programs.

Your Committee has probably received some criticism of the 1983 Veterans Emergency Job Training Program pertaining to the poor participation and the many drop-outs. I would like to respond to that in reminding the Committee that we now have a different type of veteran to work with and under very different conditions. The majority of the veterans that we are now serving have families to support and must have employment to support them.

In conclusion, Mr. Chairman, I would simply urge you to take advantage of what we have learned in the 1983 Bill, provide adequate funding for the proposed program and insist on coordination of the effort.

Thank you for the opportunity to share my thoughts and experiences with you. And thank you, most sincerely, for your concerns and care for America's Veterans.